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FINANCIAL TIMES

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Friday November 18 1977

جامعة الملك عبد الله

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SLOW NEWS SUMMARY
BUSINESS
Equities down 3.3%; falls in Gilts
men down 3.3%; falls in Gilts

Nazi officers whom Secretary ordered to flew out of Heathrow. Earlier, Lt-Col. Lever was allowed to Press conference in which he claimed Vaffen SS had not a policy of extermination. Col. Richard was a former adjutant, stayed with Mr. pinches, former chairman of Monday Club, at his home from last Friday day morning.

Spokesman, the Tory remembrance war crimes said that it was crazy for a ban Col. Meyer on s of public policy and in doing so, a conference Nazi propaganda.

to cost more

We go up on Monday large loss by 2p and a by 1p. The increase, st for six years, mean price of bread will have 5 per cent in less than age 8. Small cigarettes at least 6p more for January when the new structure comes into force.

visit

Col. Callaghan will pay the to India by a British Minister since independence years ago in January, spend five days there in to strengthen relations between the two countries.

up charge

Mary Kruger, South African Minister of Police, may to explain his state of mind to black activist Steve Biko who died in police detention months ago, had gone on strike. The defence said at the inquest that y was "a cover-up." Page 19

An error

orist thought to have three Yemenis in London and then to have been arrested. The Luftwaffe which ended up in bud, had been deported to Britain, allowed to re-enter, o permitted to leave. Mr. Rees, Home Secretary, d in the Commons that BARCLAYCARD is to cut its interest rate from 14 per cent to 14 per cent from Monday Page 16

World

Jeden won the Miss World The favourite, Miss was fourth, while Miss led to make the final five. Second was second and Germany's Ladbrooke's favourite, was third.

chief quits

William Clark MP for London S., has resigned as chairman of the Conservative Party in protest at a on in his responsibilities trial Office. Page 16

fly . . .

is Anne and her baby son of Mary's Hospital, Paddington. They were driven by a Mark Phillips to Buckingham Palace.

violin fetched a world auction price of £15,000 musical instrument at y's Saleroom. Page 2

University: Police held second arson investigation weeks after curtains and were burned in the n's office.

sh airport ground workers stage a 24-hour strike, closing all airports, from today.

EF PRICE CHANGES YESTERDAY

	Oil Expl.	296 + 12
East Rand Props.	405 + 20	
Pres. Brand	533 + 22	
Tanganyika Conces.	145 + 12	
Vaal Reefs	511 + 12	
FALLS		
Exchequer 10/pc 19/07	(£10/pd)	- 14
Alida Packaging	101 - 5	
Asoice, Dairies	235 - 10	
Costain (E.)	270 - 5	
Davies (Godfrey)	283 - 12	
Elbit	240 - 15	
GBC	245 - 7	
GUS A	220 - 8	
Hall (W. H.) A	755 - 12	
Sam. Alliance	420 - 14	
Taylor Woodrow	420 - 6	
Unilever	530 - 12	
Vickers	187 - 4	
Wedgwood	218 - 6	
Comecon trade	562 - 12	

Egypt's President expected to set out to-morrow for Israel

Two quit over Sadat trip

BY JAMES BUXTON AND OUR FOREIGN STAFF

PRESIDENT SADAT of Egypt seems set to make his momentous visit to Israel tomorrow, despite strong disapproval by Syria and the resignation of his Foreign Minister and, within hours, of the man appointed to succeed him.

Yesterday, it became clear that President Sadat was prepared to risk his political fate and only among the Arab ranks on a gesture which, he believes, will cut through the procedural wrangling holding up the convening of a Middle East peace conference and impress U.S. and Western opinion with his commitment to a just settlement.

Mr. Sadat announced at a Press conference in Damascus that he was going ahead with his visit to Israel, while conceding that he had been unable to win President Hafez Assad's support for it. He then flew to Ismailia in Egypt.

Mr. Menahem Begin, Prime Minister of Israel, announced that Mr. Sadat had accepted his invitation to visit Israel and would arrive to-morrow.

There was speculation in the Syrian capital that an anti-Egyptian campaign, similar to that launched after Egypt's signing of the 1973 Sinai disengagement agreement,

Minister of State and nominated acting Foreign Minister, re-mounted soon after.

Later, Syria issued an official statement describing Mr. Sadat's "President Assad does not agree with me. It is his conviction. He has the right to form his own ideas just as any other person has. But that does not mean there is a rift between us."

The idea for the visit to Israel had developed during his recent tour of Romania, Iran and Saudi Arabia. "As a result of the trip, I took a decision—although it had been cooking in my mind all the time."

He emphasised that he had not discussed the Israel visit with any of the heads of state he had visited and had not told the U.S. administration in advance.

The first public protest in Egypt came in a declaration by the country's Left-wing party, headed by Khaled Mubarak, former revolutionary command council member, who helped overthrow King Farouk with the late Colonel Nasser and Mr. Sadat in 1952.

The long declaration said that the death of tens of thousands

refugees "could not be reduced by Egyptian investors. Without psychological illusions which can be obscured by a friendly visit."

In Israel, Mr. Begin said that Mr. Sadat would arrive to-morrow night for a two-day visit. He had asked to pray at the Al-Aksa mosque in Jerusalem on Sunday before addressing the Yad Vashem monument to the Jews who died in the Nazi holocaust.

Mr. Begin who has postponed his visit to Britain scheduled for this weekend, said that he had been told on Wednesday—while Mr. Sadat was in Syria by the U.S. Ambassador of the Egyptian leader's desire to come to-morrow.

Mr. Begin's move posed serious dangers to the entire Arab cause."

The first contingent of Egyptian officials is due to arrive at Ben Gurion Airport this morning. The 60 officials responsible for advanced preparations, will be bringing with them Egyptian flags and sheet music for the Egyptian anthem. Mr. Sadat is to stay at the King David hotel

Reactions Page 6
A gambler's throw Page 20

Japan curb on currency inflows

BY CHARLES SMITH

TOKYO, Nov. 17. JAPAN to-night announced stringent controls on foreign short-term money movements, with the aim of reducing upward pressures on the yen.

The controls include:

- An immediate ban on purchases of short-term Government bonds by non-residents.
- The effective freezing of foreign-held free yen accounts in Japanese banks by the application of a punitive reserve requirement.

The reserve ruling sets the average level of free yen accounts during October as a base line and stipulates that any increase in the balance of such accounts from next Tuesday onwards will be matched by an interest-free deposit with the Bank of Japan, equivalent to 20 per cent of the increase.

Bank of Japan officials claimed to-night that the two measures would effectively block off channels through which some \$1.5bn. worth of foreign hot money flowed into the country during October alone.

This does not mean the yen is proof against other forms of speculative pressure, which could continue to force up the exchange rate.

The Bank of Japan said to-night that its aim in introducing the controls was to "reduce confusion" in the exchange market, rather than to freeze the yen-dollar rate at its present level.

There have been several hints from Japanese officials during the past two weeks that foreign currency inflows might have to be curbed, but the Government apparently decided to act tonight after a new flood of speculative activity pushed the yen through the 245 to the dollar barrier, at which the Bank of Japan had tried to hold it since the beginning of the week. The market closed at a rate of one dollar equals yen 241.10, another post-war peak.

The new level meant a gain of 1.30 yen during the day, nearly all of which was registered during the last hour or so of trading. The event which precipitated the rise was a report of some abrasive comments on Japan's trading performance made to a group of Japanese opposition politicians in Wash-

Continued on Back Page.

October surplus, Page 7

Editorial comment Page 20

in New York

November 17 Previous

Spot	\$1.20p-221u	\$1.219p-220m
1 month	0.31 0.30 prem	0.28-0.29 prem
3 months	0.30-0.34 prem	0.33-0.34 prem
12 months	1.05-1.25 prem	1.15-1.25 prem

Little expected from to-day's fire talks

BY ALAN PIKE, LABOUR CORRESPONDENT

TALKS ON a new pay formula for firemen, which resume to-day, are not expected to succeed in averting the national strike, following a meeting of the Fire Brigades Union executive yesterday.

Executive members, reporting yesterday saw senior officials of the National Association of Fire Officers and discussed the possibility of officers who are acting as advisers to troops, stopping work completely.

This is likely to be considered by the executive of officers association, possibly to-day. Late last night, increasing numbers of fire officers at London's main fire fighting control centre in Kingsway were refusing to cross the picket line.

At the same time, the Government announced plans to reinforce the forces, and their elderly Green Goddess fire tenders, who are trying to maintain emergency services for firemen with specialist RAF teams.

Asked whether agreement on a new pay policy for firemen would apply on a future date, Mr. Rees, Fire Brigades Union general secretary, emphasised that the talks were about a future pay formula.

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Many executive members believe that a recommendation to return to work without an immediate cash offer, beyond the one which has been made in line with the Government's 10 per cent target, is being considered.

In the Commons yesterday the Prime Minister told MPs that

Parliament Page 16

Seamen reject 10½% pay offer

BY NICK GARNETT, LABOUR STAFF

SHIP OWNERS yesterday offered 34,000 seamen a deal outside Government guidelines which would lift average earnings of foreign seamen to almost £100 a week.

The deal would be worth about 10 per cent on the seamen's total wage bill, on top of which the men would receive an extra 11 days leave.

The General Council of British Shipping said the extra leave had not been costed in percentage terms.

Firemen's leaders believe that they have considerable public sympathy behind them in the dispute. They say that thousands of members of the public have signed petitions and banded in cash donations at fire stations during the week.

FBUs leaders also claim to have received offers of assistance from other unions.

In Ulster, four children died in two separate house fires early yesterday. Troops using two Green Goddess fire tenders, who had been sent to help, beat back by flames and smoke as they tried to reach a two-year-old boy and his 10-month-old sister in one of the blazes.

In many parts of Britain yesterday, troops were taken to help overcome by smoke or with other injuries sustained while fighting fires. A Green Goddess overturned on its way to a fire at Morpeth.

Parliament Page 16

Peugeot-Citroen in deal to produce cars in Iran

BY DAVID CURRY

IRAN National, the Iranian car company to-day signed a contract with the private French group Peugeot-Citroen to produce a new middle-range Peugeot car at an eventual rate of 100,000 vehicles a year.

The agreement was signed between the French company and Iran National which at present assembles the Paykan car based on the export of parts from Chrysler U.K. The contract calls for a £225m. investment from the Iranian concern to double its capacity.

Chrysler, which won Government support for a £102m. rescue package two years ago, partly on the strength of its Iranian contract, claimed that the deal would have no effect on its business. It said about £100m.—almost one-third of its turnover—in exports to Iran last year.

The Peugeot contract is to be in the face of U.S. West German and Japanese competition. The first cars—a version of the Peugeot 305 which is being

launched commercially in France in 1979, and will be produced in around two years from now. The production from 100,000 to 150,000 a year—an investment in which Iran National has sunk £25m.

Chrysler's contract with Iran National runs out in 1980, but the company has consistently improved its performance. Peugeot calculates that if it were to supply half the deal.

It is in Chrysler's favour that Iran National has invested a great deal of money in its products and will not be able easily to switch to another marque.

The Iranian company is, for instance, planning to use a Chrysler engine—the 1.8 litre Avenger unit—in the Peugeot model. This is already assembled in its own factories from Chrysler-produced parts.

Terry Dodsworth writes: On the other hand, Iran

National, now advised by Mr. George Turnbull, the former chairman of Leyland executive, has already decided that it cannot afford to invest everything in a company with such an uncertain future as Chrysler U.K.

The Paykan will be given a future as Chrysler U.K.

Parliament Page 16

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LOMBARD

The cost of hindsight

BY ANTHONY HARRIS

IN A SERIES of radio talks Nuclear power, before anyone which is still, as I write, unhad a notion of North Sea oil, finished, David Henderson, Professor of Political Economy at the British nuclear power University College, London, has programme was fathered. I suggest been engaged in a heartless and tested recently, by a technical fascinating sport. He has been mistake: the assumption that estimating the losses incurred on enriched uranium would always be two high-cost, low-return projects, too scarce, too expensive and too vulnerable to political supply-cooled reactor programme. He puts the total at around £5bn.

Now it is certainly as well to have some measure of these macro-losses, and extraordinary twenty years ago, however, that we should have to wait for Britain appeared to have a academic to do the job. If system in the Magnox which was difficult to export, since the large unit size and high capital cost raised the ante too far, despite unrivalled fuel economy; but it was a tremendous technical success. Even now I believe that no other reactor type has such a record of reliable, above-specification performance. The AGR was simply a development to higher temperatures.

In the event this apparent forward step proved difficult and costly. This was partly because of technical problems of a kind which every programme of this sort must risk—there is more than one radioactive monument to scientific fallibility in the U.S.

It was partly because the British programme was shared between ton many competing groups, and the original AGR contract went to what proved the weakest of them.

Not happy

IT STILL seems to me, though, that the decision to build an AGR was entirely defensible; and I am not happy about Professor Henderson's measure of the cost on two grounds. First,

he assumes that the five stations now being built will be the last; but if the concept is developed and standardised, then we may yet get a return for the money spent on instructive mistakes.

Second, he uses two interest rates—4½ per cent, and the official test rate of discount—in his sums, which both seem to me questionable. Only an inflation accounting basis will do for the period in question.

The central issue, though, is hindsight itself. The system of retrospective accounting invites unfavourable comment on high technology projects, rather than the less dramatic but less forgivable errors of high-rise residential building, unfinished road networks, empty hospitals and net loss was foreseeable and the rest. Professor Henderson is in danger of discouraging entirely. Generating electricity is discouraging sloppiness decision not an exotic optional extra for making; and that would be a

National airline for Wales

THE PROSPECTS for devolution may still be uncertain but Wales is at any rate soon to have one of the other modern symbols of nationhood—it's own national airline.

Within the next few weeks Air Wales will take to the air, its aircraft sporting a dragon on the tail providing a service which will link Hawarden in North Wales, Cardiff, and North West France. Early in 1978 a service to Brussels is due to start, and the following year it is hoped to start flights from West Wales to Gatwick, offering Welsh travellers the chance of connecting with a range of international destinations at two major airports.

Strictly speaking Air Wales, an offshoot of DK Aviation, which was difficult to export, since the large unit size and high capital cost raised the ante too far, despite unrivalled fuel economy; but it was a tremendous technical success. Even now I believe that no other reactor type has such a record of reliable, above-specification performance. The AGR was simply a development to higher temperatures.

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Isabel Dean and John Gielgud

Cinema

The Way We Were by NIGEL ANDREWS

Before Hindsight
The Other Cinema
The Amsterdam Kill (AA)
Casino

Before Hindsight is a documentary about British news coverage of the rise of Hitler in the 1930s, taking to task the powers-that-were for the dilatoriness with which they recognised Nazi threat and the reluctance with which, having recognised it, they allowed the Press and the media to be used as an early warning system. The film has unlocked for us some of the most treasurable news footage of the decade I have ever seen: much of it from unreleased or withdrawn newsreels (material that Movietone or Paramount evidently considered couldn't be used in their own continuity programmes) and other items no less revealing that were released and show the kind of ingratiating familiarity—from fashion parades to sports events—that most of the movie companies then peddled in the name of "news."

Before Hindsight is a British documentary edited by Jonathan Lewis, produced by Elizabeth Taylor-Mead and "presented" by James Cameron. Mr. Cameron is there at the beginning and intermittently throughout, in his best lean-and-hungry form; delivering some scathing ironies on the subject of media positivism. "The camera never lies," he tells us with fulsome naïvete; "but it's very good at half-truths." Or, to be more precise in the film's terms, at lies of omission. Lewis and Taylor-Mead's case is built more on what the newsreels of the day did not say than on what they did. And they interpret British reticence in the 1930s on the subject of Herr Hitler as an early symptom of the disease of appeasement.

The facts, and the film's marshalling of them, are unexceptionable. But midway through the movie one starts to get the uneasy feeling that dead horses are being flogged, and that either this is a doubtfully productive exercise in Hitler-than-thou historiography, or else the filmmakers are preparing to turn their guns, after practising on the sitting target of Nazism, towards a livelier victim. The second hypothesis proves true. Suddenly the film interrupts its rhythmic alternation between grainy news footage and the gnarled features of Mr. Cameron to present us with a fresh-faced

Jonathan Dimbleby regaling the timorous attitude to right-wing intervention and totalitarianism.

Dimbleby argues that the preoccupation of modern TV news and documentary with "balance" and distortion of the facts as did the Nazi invasion of Czechoslovakia. It takes quite an act of blind-eye-turning to ignore the parallels, which sit up and howl on where the reporter himself sits on the scale of values. So what are the political morals for today which the film is gradually nudging us around to? One is that we should, says Dimbleby, be more vociferous in our antipathy to totalitarian regimes like South Africa. Another is that the film's message is left-wing. While purporting to dispense all forms of dictatorship, and people's blindness to the warning signs of its evolution, it in fact confines its

rumbling crescendo of German rearmament, have in our own age been the greatest champions of non-intervention (appeasement) in any number of cases—Angola and Czechoslovakia 1968. For all its wealth of fascinating details, the only ideological consistency the film finally offers us is the hugely ironic one that its onslaught on "balanced" news is matched by the fanatical unbalance of its own reporting.

Meanwhile, back to humbler entertainment.

Robert Mitchum bestrides *The Amsterdam Kill* like a colossus. He would move in truth too much to dwarf the footling machinations of this tale of drug-peddling and police corruption in Hong Kong and Amsterdam; which seems like a nightmare portmanteau of all the small-screen crime thrillers you have ever nodded over on a slumberous evening before the television.

But Mitchum, with nothing to do, does it majestically. The Mitchum chest has finally turned into a unequivocal paunch, and the face now looks like an ageing bird-of-prey. But Mitchum acts, or non-acts, everyone else off the screen; and Robert Clouse's script and direction elsewhere conspicuous by their flashy mobility, give Mitchum one marvellous scene in which he soliloquises drunkenly in his hotel room, and is so beguilingly tousled, fumbling and inchoate that only afterwards does it occur to you that no characters in cut-price commercial thrillers—least of all the hero—ever talk to themselves. A star like Mitchum is a law unto himself; and when the rules of the game are as vacuous as in this film, that is a distinct advantage.

Finally, there are two or three dates that you must pencil in immediately in your London Film Festival diary. To-morrow and on Sunday the Festival is showing Erwin Keusch's *The Baker's Bread*, an exquisitely funny and touching film about the plight of a small baker in the age of the Supermarket: its gentle humour expands before your very eyes into a richly detailed allegory on progress, and the quality of life. On Monday and Tuesday, in two sittings, the LFF is screening Syberberg's marathon *Hilferding Film* for to-day. This film will probably be shown eventually by the BBC, but I should catch it now on the large screen and with a large, possibly vociferous audience. The film will be nothing if not controversial. Lastly, on Wednesday see the documentary double-bill by Herzog. I have seen only one of these films, *La Naissance*, but that alone is worth the admission price. Our intrepid film-maker here visits a volcanic island hours, or possibly minutes, before it is scheduled to erupt. With, as you will see, remarkable consequences.



Robert Mitchum in 'The Amsterdam Kill'

Marlowe, Canterbury

End of Term

The school where Peter Sallis has set his play has all the stigmata of Evelyn Waugh's *Lanhydrock Castle*. Malcolm Palethorpe, the headmaster, has set it up as a freelance job—in the teeth of Mrs. Shirley Williams, no doubt—on leaving the Army. His late colonel is chairman of the governors. His wife, Virginia, intends to feed the boys on fruit and vegetables. The matron drinks. The domestic staff speak only Spanish. Parker and Bender, the two assistant masters (three others having married on Grantham Station), have no experience except as a Scoutmaster and a Borsalino screw respectively.

All this information is given us in a lonesome first act. The characters are roundly drawn and much of the dialogue is very funny. But we reach the interval without the least sign of a plot. The individuals do not relate to one another: they just form a table of dramatic personae.

Act One shows the first day of the first term. Act Two shows the last day of what promises to be the lost term. Parents Day has attracted four parents, and there are three boys left. On by one, parents, boys and staff desert, until the headmaster is left alone, contemplating the future with all the blind resolution he showed before. There has still been no plot, unless the inauguration and decline of the school can count as a plot. In the way that the erection and striking of a tent formed the plot of David Storey's *The Contractor*.

But there is a wealth of comic little scenes—the school choir, that has shrunk to a single treble; Bender explaining inflation from his fund of ignorance; Bender accidentally shooting one of the boys instead of a target on the range; the tripartite cricket-match, one boy per side, that takes place offstage while the parents eat their awful vegetarian luncheon.

With so much useful material, I feel that Mr. Sallis might take

Northern Ireland is a colony, crusading anti-totalitarianism and as such is ready, if not overdue, for self-determination. Suddenly, rising from the film's placid surface, come the sounds and sparks of a political axe being ground. So the film is not, after all, talking about the media's timorous attitudes to foreign intervention and totalitarianism in general; it is talking about the media's deal-cut so long to the consequences.

Hard-Life by B. A. YOUNG

that Julian Mitchell's past; but talk of this quality can only be dull for long. Moreover Sir Noel is played with his new "favourable student" John Gielgud; indeed the play is almost a concerto for Sir John Cotton, and the girl, it is mark of Sir John's gift, that he can make us believe in the tears, yet feel that the ultimate benevolence could be switched off in a moment.

The cast is such as you see collected together only seldom: perhaps the play is not a cortege but a sinfonia concertante. Sir Roger plays the absent Jones. Tom Coker, ex-soldier who emerges into unexpected but not altogether convincing importance at the end of the play, Richard Pearson and Avril Elgar are the Mallocks, the one soft and plump, the other hard as nails. Isabel Dean as Barbara can indicate the fading of her once-famous beauty and yet remain as fresh as paint. Dinah Stabb plays the young lawyer; she is fascinating in action and interesting throughout silences. Waris Hussein is the director, and there is a handsome set, a terrace outside the creeper-grown back of the house, by Rupert Carter, his former friend, and Barbara Burney, the once nearly his wife, but since Jane Martin.

's Wells Theatre

Sphinx by CLEMENT CRISP

Her new *Sphinx*, given emotional force by long voice performance by London figure gives movement a particularly Dance Theatre lar, and discreet power, with muscular fire controlled by imagery that recalls film taken at the most in-assured and undriven manner and impressive young. So, at the beginning of her new chapter in the country, she sells herself a gold past four years I have which establishes the mood of with unfailing pleasure the entire choreographic structure of Pilot, the ture, and—last year—As Barrington Pheloung's score. Time, in each of these gets under way—ticking, clangorously—intelligence, and rattling with insect-giant yet with sudden clicks that seem a modern equivalent to more recent Bartok's evocations of human behaviour, night music—Miss Davies stands off. Stobhan Davies's watchful, then bends and unfolds her body like an animal in a falling heart, her face to the adaptation of that to David feminism of these, but Essinger. The programme gives an embittered defence no further details, but what we learn in a 17-year-old daughter version. The great speeches of inopportune, provincial the last act where the Captain and send her to a pleads like Shylock for pity from lawyer friend in his household of female oppression. The house is full of sons, sound on this occasion, screams in the night like the maudlin ramblings of a as pacing up and down, tired, depressed. Strindberg's its cool bravura and distinction of means are testimony to a of means are testimony to a gifted talent.

I must record that this second programming ends with Robert Cohan's *Class* a celebration of Graham technique as it is known, at The Place, danced with irresistible dedication and muscular involvement by its large cast. MICHAEL COVENY

Oxford Playhouse

The Alchemist

The Oxford and Cambridge Shakespeare Company, present a family *Nurse* (Anne Saksen) a dead ringer for Mother catches him in his straitjacket with nursery-rhymes and childhood. *Alchemist* is a complete stage lamp dimming tending for no discernment shadows being on a side backstage. The side must have for the of Act 2 where the wife and proves anactory substitute for its specific request that should be as realistic as the approach revert to older insulation is attributed conventions of straightforward

Joint winner of the first Christopher Ewart-Biggs Memorial Prize

The Narrow Ground

Aspects of Ulster 1609-1969

A.T.Q. Stewart

Faber & Faber £5.95

ness, not newer ones of directorial adventure. Although in the programme they speak of the struggle between gentry and mercantile capitalism, no such narrow view comes out in performance, which writes large the characteristics of greed, lust, and cozenage—and the beauty of the desire to create perfection. On a mundane level, it is endlessly lively, with vivid alchemical effects, grotesque dispositions, while the functional set does not abandon perspective or architectural illusionism, it skillfully adapts an idea of the Roman Vitruvius in its use of triangular prisms. Thus swiftly with revolving units we move from interior to exterior. The designer is Bernard Canavan, while the director, whose robust and decisive hand is clear, is Justin Gregson.

As Subite Rob Collins heads the cast, a grey-clad passionate trickster, whose vigour hardly abates from his first, furious clash with Face. If Subite is a Renaissance figure, a genius of emotional camouflage, Face (Mark Saban) looks forward to the Restoration, bewigged and mannered, an intellectual in-triguer. The rest of the cast keep up this pair's high standard: Martin Tyrrell (*Pastor Tribulation*), and Simon Franklin as the religious gulls, carry the performance to its peak of satirical frenzy. Tim Sabs' Epicure Mammon suffers, in some of his finer lines, the vagaries of fancy lighting, but by no means loses his magnificent personage's comic force.

GARRY O'CONNOR

Royal Opera Report

At the annual financial press conference for the Royal Opera House yesterday, Sir Claus Moser, Chairman, called for more radio and television broadcasts of opera and ballet. Sir Claus urged the Arts Council to arrange a major get-together of broadcasting organisations, promoters of opera, ballet and concerts, the unions and representatives of the educational world to find ways of achieving his aim.

The go-ahead had been given for the first phase of the development plan to extend and enhance Covent Garden Opera House; it would bring acceptable working conditions backstage, make room for the handling and storage of scenery and create proper facilities for rehearsals and performances.

Sir Claus said that during the last year "we scraped home," and that we received an annual income just sufficient to meet our needs was due to a welcome but essential increase in our grant, to raise seat prices, which we do with great reluctance, we risk pricing ourselves out of the market, and that private funding has its limits."

The Midland Bank would be sponsoring the third of three Ring cycles planned for the autumn of 1978 as the first ever Ring Prom. For the seventh consecutive year there will be the usual spring series opening on Easter Monday, and the Ring Cycle will follow in October.

"An impeccable production," S. T. T.

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EUROPEAN NEWS

Jenkins losing battle over monetary union

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

THE EFFORTS by Mr. Roy Jenkins, president of the EEC Commission, to win the support of his fellow Commissioners for his bold personal campaign to extract a political commitment from Governments to move rapidly towards European monetary union appear to be losing ground.

It is now becoming clear that a majority of his colleagues prefer the more gradualist approach advocated by the Commissioner for Economic and Monetary Affairs, M. François-Xavier Ortoli, which lays heavy emphasis on step-by-step measures to achieve progressively closer co-ordination of the economic and monetary

policies of the Nine.

M. Ortoli's thesis forms the backbone of a paper approved by the Commission this week, which proposes an action programme for the next five years. It will be given its first reading by EEC Finance Ministers on Monday, and is expected to be submitted to the next "Summit" of heads of government of the Nine in Brussels early next month.

While the paper reaffirms that economic and monetary union should remain a guiding objective it accepts implicitly that it can be attained only in the longer term. This is in apparent contrast with Mr. Jenkins' own assertions that monetary union is needed to solve pressing and

immediate problems like high unemployment, inflation and currency instability.

The paper also contains no reference to proposals for a single EEC currency, backed by a central monetary authority, which Mr. Jenkins has advocated. Its prescriptions for regional policy fall far short of the substantial transfer of resources from richer to poorer regions which Mr. Jenkins has said should accompany monetary union.

It remains to be seen whether Mr. Jenkins will renew these arguments at the Brussels Summit. Though Chancellor Helmut Schmidt is in apparent contrast with Mr. Jenkins' own assertions that monetary union is needed to reject Mr. Jenkins' case out of hand, his Finance Minister,

BRUSSELS, Nov. 17.

Herr Hans Apel, has shown little enthusiasm to date.

A generally unsympathetic response has also come from the British Chancellor of the Exchequer, Mr. Denis Healey, who is not planning to attend next Monday's meeting.

According to Commission officials, the paper calls on governments to take more energetic action to co-ordinate policies in the fields of monetary and economic affairs to move towards harmonisation of indirect taxes and greater freedom of capital movements and to support Community measures to tackle the crises in the steel, textiles and shipbuilding industries. But most of its recommendations have been left rather vague.

Brussels may try to regulate steel aid

By David Buchan

STRASBOURG, Nov. 17. THE EUROPEAN Commission may try to regulate state aids to Europe's hard pressed steel industry in the way that it proposed earlier this month with national aids to shipbuilding.

M. Raymond Voué, Commissioner responsible for Competition Policy, told the European Parliament,

DISPUTE OVER WESTERN SAHARA

Franco-Algerian relations reach an all-time low

BY ROBERT MAUTNER IN PARIS

RELATIONS between France and Algeria have reached a reported to have taken an option new low point over the sale of a further 25 Mirage and Gnat fighter jets to the Algers-backed Polisario Front. French civilian workers in Mauritania, German Alphajet support aircraft, a crucial element in March next year, can still be won by the despite its initial quip, would be acquired for a "neo-colonial adventure" of which much capital could be used.

The very closeness of election, however forced intervention in a situation in which lives of eight Frenchmen were at stake and the seem-

Sindona inquiry by Banco di Roma

By Paul Bettex

ROME, Nov. 17. THE STATE-CONTROLLED Banco di Roma, one of Italy's largest commercial banks, is to set up a commission of inquiry into recent allegations concerning the possible involvement of senior bank officials in the Sindona affair.

Last week Sig. Mario Barone, joint managing director of the Banco di Roma, was arrested in Milan and held for 24 hours. He was charged with lack of co-operation by the Milan magistrates carrying out the protracted investigations into the former operations of the financier, Sig. Michele Sindona.

The issue concerns an alleged list of 500 former clients—including, it is suggested, leading Italian political and financial personalities—of Sig. Sindona's Banca Privata Italiana. The clients' deposits are alleged to

Soares makes final plea for economic consensus

By Diana Smith

IN A powerfully worded speech to Parliament this evening Prime Minister Mario Soares made a final bid for political consensus and survival of his minority Socialist Government in its present form.

"Some parties have threatened us with motions of censure," the Prime Minister said. "We are ready to make their task easier. If, by the end of this month there are no conditions for an agreement giving us necessary support and means of operation, we will offer ourselves for a motion of confidence. If this is refused, we will resign as the constitution demands."

Yesterday, Mr. Soares handed a 25-page memorandum to his public and private sectors, for political opponents setting out suggestions for a common policy with a two-week deadline for an affirmative response.

The memorandum rejects the demand for a coalition Cabinet repeated by the Social Democratic Party—Sr. Soares' closest rivals—but indicates the Socialists might be prepared to welcome "independents" into a reshuffled Cabinet.

It also admits that the bulk of the IMF terms for standby and medium-term loans will have to be accepted (these imply credit and import restrictions in order to cut the \$1bn. balance of payments deficit) and severe

concessions new and clearer definitions of the frontiers between

the country what it amounts to."

The central bank has an application of its competition rules.

The report approved to-day criticises the Commission for taking "far too legalistic and administrative an approach to competition," and in particular calls for fresh initiatives from the Commission on patent licensing and trade mark law.

• The sale of Community mackerel to Russian "mother ships" by British trawlers fishing off south-west England was a matter of extreme concern, Agriculture Commissioner Pius Olav Gundelach told the Parliament. He said he would be immediately contacting the U.K. Government.

He said he did not blame British fishermen for selling what might amount to thousands of tonnes of mackerel to the five Russian factory ships believed to be in Community waters. But the Community would look "silly" if, having denied the Russians fishing rights last month following the Soviet closure of the Barents Sea to EEC trawlers, the Russians were indirectly getting their fish after

having diplomatic and military backing to both Morocco and Mauritania, hence the wrath of the Spanish colony carved up by the two countries after the tripartite Madrid agreement with Spain in November 1976.

Mr. Gundelach says his other worry was to assure any adequate supply of mackerel to Community on-shore processing industries. He told reporters later that Community processors, particularly in the U.K., had aimed that though not by the EEC's recent total ban on herring fishing, they could survive by switching to mackerel processing instead. Though the supply of mackerel was not critical like that of herring, major Russian purchases of mackerel would now hit this alternative supply for Community fish processors.

Thus, unusually for Germany, a domestic upswing, albeit small, is helping to compensate for a fall in foreign demand.

The Bundesbank feels that the second quarter mainly because of the Cabinet's decisions in September played a role in this. They show economic upturn in key areas included tax concessions, more favourable depreciation allowances for industry and more state aid for industrial research.

The Government hopes that these steps will help ensure real growth in GNP of some 4.5 per cent next year against about 3 per cent this year.

Foreign orders to industry were markedly down, however, in the third quarter against the second, mainly because of the fall in oil prices.

The Bundesbank also emphasises what several company interim reports have already indicated—that the improvement in the profitability of enterprises achieved in 1976, the first for six years, has probably not continued.

Giving preliminary findings on 1976 (based on the examination of some 17,000 balance sheets), the Bundesbank says that while turnover of enterprises increased by 11 per cent against 1975, net profit was up by about one quarter.

Profits expressed as a percentage of sales thus moved up to 2.5 per cent in 1976 against 2 per cent in each of the two preceding years. This must, however, be seen against the average of 3.5 per cent achieved for 1965-73.

Similarly, net profit as a proportion of enterprises' own funds totalled 18.5 per cent last year against 15.5 per cent in 1975 and 1974. This, however, is due not only to the profit increase.

Own funds expressed as a proportion of the balance sheet total dropped to 23 per cent last year against 23.5 per cent in 1975 and 1974. The average between 1965 and 1973 was 28 per cent.

• Renter reports from Stuttgart: Klaus Croissant, former lawyer for the Baader-Meinhof urban guerrilla group, was held today in Stammheim, the top-security jail where three leaders of the movement committed suicide last month.

The Bundesbank says that while energy imports have been expanded according to the resolution although SPD leaders insisted that this position did not represent also represents major concessions to the critics and sets what may turn out to be nuclear power.

CHANCELLOR Helmut Schmidt strict conditions on nuclear energy development. And his Cabinet colleagues to night survived the most serious of the challenges to their leadership raised at the Social Democratic Party (SPD) conference here, when they secured a substantial majority on a show of hands for a resolution that ensures a future for nuclear energy in West Germany.

The conference vote, at the end of a day of lively debate, in effect aligns the SPD closely with the position adopted by its coalition partners, the Free Democrats, in their own conference to days ago.

Although the conference refused to approve the complete dismantling of nuclear power, it nevertheless voted in favour of the SPD's resolution finally adopted also represents major concessions to the critics and sets what may turn out to be nuclear power.

EKOFLISK development costs rise

BY KEVIN DONE

DEVELOPMENT costs of the figures include the development of the seven Ekoifisk oil and gas fields, the oil pipeline to Teeside and the gas pipeline to Emden in north Germany, and processing facilities onshore.

The estimated capital development costs have risen to \$5.25bn. (£2.8bn.) from an estimate last year of \$4.5bn. (£2.5bn.) These

Phillips blames the increase in costs on a combination of factors, chief among them new Norwegian labour and industrial regulations.

THE GREEK ELECTIONS

Karamanlis opponents race to be runner up

BY DOMINICK J. COYLE IN ATHENS

A GREAT political upset will in mind that there is no sort of man who easily requires for the New Democracy party of Mr. Constantine Karamanlis to lose the Greek general election on Sunday. The outcome is held generally to be so certain that many of the 8.3m registered voters would probably not bother to go to the polls at all, were it not for the fact that voting is compulsory.

The real question for Sunday is, in fact, twofold: what percentage of the popular vote will Mr. Karamanlis hold, compared with his convincing 54 per cent victory three years ago, and, perhaps of even greater significance in the long term, which party leader will come in second to take over the mantle—and thus potential—of leader of the opposition in the 11th post-war parliament of the Helleges.

No one expects the Prime Minister to do better than in 1974. Then there was a simple choice between Mr. Karamanlis back from self-exile and his convincing 54 per cent victory three years ago, and, perhaps of even greater significance in the long term, which party leader will come in second to take over the mantle—and thus potential—of leader of the opposition in the 11th post-war parliament of the Helleges.

But an electoral setback, to around 45 per cent, might have something of a psychological impact on Mr. Karamanlis. After all, he has called this election a full year ahead of schedule in

order to secure a renewed mandate for tackling a number of major foreign policy issues, including membership negotiations with the Common Market, and relations with Turkey about Cyprus against the Makarios continental shelf. He has forecast that the latter will enter a decisive stage in the course of

the tanks." This time the alternative is more normal: The New Democracy will confront seven properly structured parties and a handful of smaller hopefuls. It will be surprising, therefore, if there is not some of no-confidence? It will be for Mr. Karamanlis himself to even he must leave the scene with a re-establishment of democracy planned for the time when the alternative is more normal: The New Democracy will confront seven properly structured parties and a handful of smaller hopefuls. It will be surprising, therefore, if there is not some of no-confidence? It will be for Mr. Karamanlis himself to even he must leave the scene with a re-establishment of democracy

and without him. He is 70, won marginally over one in the 1974 general election, and Greek democracy will centre on his own personality. There is no obvious single heir apparent.

In a sense that raises the second key issue of these elections: Which party will come home second? Last time, it was the Centre Union-New Forces, since renamed the Union of the Democratic Forces, under Mt. George Papandreou, a former Deputy Prime Minister and Foreign Minister. Both these parties, though tangential on the Centre-Right, are unlikely to do well.

There is a sense that between them is always possible, as is thought likely, Mr. Karamanlis' move up to the presidency during the life of the next parliament.

Potential

For the leadership of Mr. Papandreou, and perhaps even the party itself, the break with Communism and other left-wing parties shows on Sunday.

There are indications that the Democratic Centre may have to yield second place, and that the Communists and other left-wing parties show on Sunday.

It was Mr. Papandreou who represented the Communists in the 1974 general election, and he did not do well.

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AMERICAN NEWS

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Burns defends Fed from increased public scrutiny

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON Nov. 17. U.S. ECONOMY grew in the quarter of this year 6.1 per cent faster than had been forecast by the Commerce Department to-day.

Official statistics—covered by the latest economic report by the Federal Reserve Board—showed retail sales improved to the present level of activity may be more than implied by the figures on industrial production which showed a modest rise last month.

According to the revised estimate, growth in GNP, having expanded between 1.7 per cent last month, may have risen to 6.2 per cent in the first and second quarters.

Contributing to the revision included larger-than-expected increases in stocks held by the public, which began in the second quarter.

The administration has forecasted that the third quarter will be the third with the highest rate of growth since 1965, with closer to 6.5 per cent.

A new report by the National

Survey Council details of

which appeared on CBS Tele-

vision last night, apparently con-

firms that there is little pros-

pect of any further restoration

in U.S.-Cuban relations until

Cuba reduces its involvement in

Afghanistan.

The report is said to conclude

that "several hundred" Cuban

troops have already been killed

in Angola, and it interprets the

Cuban intervention in Africa "in

a friendly Cuban build-up there" (and

elsewhere in the continent) as a strong feeling here that the

particular of sensitive discussions related to problem banks, including the Solicitor General's division sympathetic to his arguments.

Mr. Wade McRee, the Solicitor General, is said to believe that the appeals court ruling contained a suggestion that obviated the need for reference to the Supreme Court. The upper court

is to hear the case on the deliberations of the FED board.

This is proving to be a thorny problem for Dr. Burns, who brought his proposal to Congress, and the House has voted to make the FED's secret thoughts available to the public.

But his biggest problem may lie as much with the House Bill as with the lawsuit, which seeks immediate disclosure of the minutes of the FED's open market committee. It has been brought by a former law student and last week was upheld by an appeals court in Washington.

Dr. Burns' wants the Justice Department to appeal the case to the Supreme Court but, according to newspaper reports, is not

able to find the time to do so.

In testifying on the House Disclosure Bill to-day, Dr. Burns argued that there were grave disadvantages to too much public scrutiny. He cited the problems of unauthorised advance publications of information Act.

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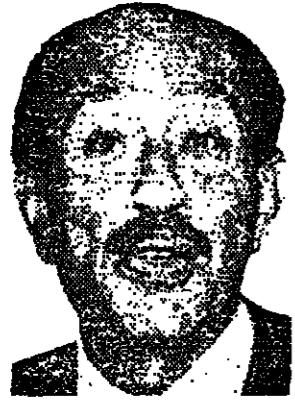
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SADAT'S OVERTURE TO BEGIN



BY ROGER MATTHEWS

RELATIONS between Syria and Egypt worsened sharply to-night after President Anwar Sadat's refusal to call off his trip to Israel and the resignation of the Egyptian Foreign Minister, Mr. Ismail Fahmy.

In a statement issued here to-night Syria described Mr. Sadat's planned trip as "an unfortunate initiative that is disastrous for the Arab nation."

The statement, issued by the Government and the Ba'ath Party, emphasised that everything had been done to persuade President Sadat to change his mind. Syria had purposefully held off making any public statement on the Egyptian President's initiative until after he had visited Damascus so that President Hafez al-Assad could talk to him about it.

But Mr. Sadat refused to listen

to our advice and insisted on continuing with what he had planned, the statement said.

Two small bombs exploded at the Egyptian Embassy here this evening, causing some damage but apparently no serious casualties. A large security cordon was thrown around the building and surrounding streets. Shattered windows could be seen on the top two floors of the building, and broken glass littered the surrounding garden.

Speculation immediately increased after the statement had been issued that the situation now was similar to that in September 1975, when Syria mounted a fierce campaign against Egypt over the signing of the second Sinai disengagement agreement.

According to some sources, newspaper editorials are being ever more critical. All Arabs, in what is prepared for to-morrow to shoulder their national responsi-

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Films of President Assad with other Arab leaders, apparently in an attempt to show that Mr. Sadat is out of step with the rest of the Arab world.

The Government statement added: "We in Syria have done everything we can to maintain our strategic relationship with Egypt and have even suffered the consequences of that. But now we must also exercise our duty of informing the Arab world about the serious dangers posed by President Sadat's initiative to the entire Arab cause."

Sources suggested that the Syrian attitude would become progressively tougher in the next few days, and that Mr. Syrians urged all Arabs to link Sadat's main hope of winning Syrian acceptance for his Israeli visit had effectively failed.

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Israel's invitation

The following is the text of the letter despatched on November 15 by Prime Minister Menachem Begin of Israel to President Sadat of Egypt.

Dear Mr. President.

On behalf of the Government of Israel, I have the honour to extend to you our cordial invitation to come to Jerusalem and to visit our country.

Your Excellency's readiness to undertake such a visit, expressed to the People's Council of Egypt, has been received here with deep and positive interest, as has been your statement that you would wish to address the members of our Parliament, the Knesset, and to meet with me.

If, as I hope, you will accept our invitation, arrangements will be made for you to address the Knesset from its rostrum. You will also, should you so desire, be enabled to meet with our various parliamentary groups, those supporting the Government as well as those in Opposition.

As to the date of the proposed visit, we shall be glad to meet with your convenience. It so happens that I am scheduled at the invitation of Prime Minister Callaghan to leave for London on Sunday, November 20, on an official visit to Great Britain. Should you advise me, Mr. President, that you would be ready to come to Jerusalem on Monday, November 21, I would ask Prime Minister Callaghan's indulgence and arrangement to postpone my visit to Britain, so as to be able to receive you personally and to initiate together with you talks on the establishment of peace, for which, as we both know, the peoples of the Middle East yearn and pray.

Alternatively, should you decide to come here on Thursday, November 24, or thereafter, I would be back from London by Wednesday afternoon, and greet you upon your arrival.

May I assure you, Mr. President, that the Parliament, with the Government and the people of Israel, will receive you with respect and cordiality.

Syria attacks Arab 'disaster'

BY ROGER MATTHEWS

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HOME NEWS

Barclaycard cuts interest

BY MICHAEL BLANDEN

BARCLAYCARD, one of the two big bank credit card organisations, yesterday announced a surprise cut in its interest rate from 12 per cent. a month to 11 per cent. with effect from Monday.

The group reduced its rate from 2 per cent. on October 5. The latest cut will bring pressure on the rival Access, which last time led the downward move, to fall into line.

Revenue insisting on arrears

By RUPERT CORNWELL

THE INLAND REVENUE is rigorously applying Government guidelines on its power to waive tax arrears, even in cases where its own mistakes or blatant incompetence were responsible for the original underpayment.

This policy emerges clearly from the latest report of the Parliamentary Ombudsman on complaints passed to him by MPs—the biggest proportion of which was usually involved in the tax authorities.

The report singles out the case of a journalist in his 70s who faced a tax bill of £896 as a result of the Revenue's failure to take account of a National Insurance retirement pension which had been correctly declared in five successive annual tax returns.

Sir Idwal Pugh, the Ombudsman, yesterday described the performance of the Tax Office in question as "lamentable". In a case which was very simple,

The Inland Revenue's chairman himself admitted that there were no mitigating circumstances and had "seldom seen cases so consistently mis-handled".

But Sir Idwal said: "However serious the official error, the Inland Revenue is required to observe Government policy set out in the White Paper of July 1971."

"I cannot therefore uphold the complaint that the Inland Revenue has been unjust in asking for full payment of the arrears, even though I recognise that the under-payment arose because of serious maladministration by the department."

Wilson committee report expected next month

BY MARGARET REID

A PROGRESS report from the Wilson Committee on financial institutions, highlighting the main issues it has identified on the subject of finance for industry but not yet making any recommendations, is expected to be published in the middle of next month.

A decision on publication, possibly on December 15, is likely to be made on Tuesday by Sir Harold Wilson's committee, which earlier singled out finance for industrial investment as its first and central theme.

There were signs that some members, particularly from the unions, favoured rushing out an interim report recommending quick action to stimulate capital expansion by industry. But the evidence has pointed strongly to there being no overall shortage of investment funds, although certain other problems have been pinpointed.

This being so, the progress report is likely to describe, by

Yesterdays Access, which is run by the other three major banks, said it would consider its position. It is unlikely that the group will be able to stay out of line for long. The move gives Barclaycard a competitive edge ahead of the Christmas and New Year sales periods.

The effect of the change is to bring the maximum rate on loans to the 3.75%. Barclaycard

holders down from 23.1 per cent. a year to 19.5 per cent.

But the group calculates that allowing for the free credit period, the interest paid by holders will be about 14 per cent. before Christmas.

Mr. Frank Smushall, Barclaycard's divisional general manager, said: "When we reduced our interest rate to 11 per cent. it was thought unlikely that

the cost of money would fall further."

Rates had come down, however, "and we feel it right to pass the benefit on to our customers, particularly before Christmas."

He warned that it would be difficult to hold the new rate if money costs rose again, unless the Chancellor eased the repayment controls on credit cards.

Warning issued on take-over methods

BY KEITH LEWIS

COMPLAINTS OVER some of the tactics employed in recent take-over bids have prompted the Department of Trade to issue a letter calling on the various participants to comply not just with the spirit, but the letter, of the Licensed Dealers (Conduct of Business) Rules 1960.

The Department makes a special point of including in its directive those technically exempt from the rules, such as accepting houses and other top financial institutions.

The letter refers specifically to the practice of telephone calls to shareholders of companies under offer made by the bidder or its advisers.

It says that these approaches are not made at the request of the shareholders, as required under Rule 6(1), and were regarded as an invasion of privacy.

The Department also cites one instance, without naming those involved, where it was alleged false "oral statements were made about the operations of the company under offer.

The statement, which was made with the knowledge of the Take-Over Panel, adds that if any person making the call does not adhere strictly to a "carefully prepared and verified statement that person may be guilty of misleading comment."

Notice

In an effort to protect the interests of the small shareholder, the Department maintains that certain offer documents have recently fallen short of the requirements of Licensed Dealers Rules.

Again without revealing names, the statement mentions one instance where an exemption notice gave the Board of the company under offer inadequate notice of the bidder's intention.

This was a clear reference to the situation where merchant bankers Hill Samuel, acting on behalf of Fruehauf Corporation of the U.S., gave the Board of Crane Fruehauf only five minutes notice before announcing its purpose.

Hill Samuel has defended this action, which came up before the Take-Over Panel—and was subsequently passed—on the basis that Fruehauf had withdrawn a Monopolies Commission probe and that its intentions had always been clear.

The application of the rules

of the Prevention of Fraud

(Investments) Act 1958 are currently under review by the Department.

Self-investment pitfalls

BY ERIC SHORT

THE DISPUTE between The London Co-operative Society and one of its pensioners, Mr. Bob Evans, runs into trouble and has to be wound up. The pension scheme income shortfall may mean that the trustee in running a pension scheme does not lose this asset, thereby there is a lower surplus on the fund from which to pay pension benefits.

This is of even more vital importance than with loans to the parent company, as the employee puts pressure on trustees to make good any loss.

In some cases, the employee puts pressure on trustees to make good any loss. In cheap loans on the grounds that the company will suffer financially to the detriment of employees if such loans are not granted.

If this is the case, then the employer is virtually compelled to pay the pension contributions as laid down by the scheme on the advice of the actuary, and is using this device effectively to reduce contributions.

Such a course of action is right if the company fails round, but disastrous if it goes under. It is far better to consider other means of reducing contributions under the guidance of the actuary. There is a danger that employee representatives on Lending back to both should be based on market conditions, related to what could fairly be claimed from other similar arrangements.

This means that, if the company seeks to obtain loans from the pension fund, the trustees must consider this loan in respect of three vital areas:

First, it must ensure that the rate is lower than on other conditions. It may need legislation to ensure that the capital value of the loan is fully invested, the company using the backing.

£26m. loans for Water Council

THE EUROPEAN Investment Bank, the EEC's long-term finance institution, has granted two loans, totalling the equivalent of £26m., to the National Water Council.

The first of the two loans, worth £15m., will be used to increase water supplies available in the North West Water Authority to Cheshire, Merseyside, Greater Manchester, Lancashire and Cumbria.

The second loan, worth £6.2m., will be passed to the Welsh National Water Development Authority to help finance supply improvements in Gwent, Mid and South Glamorgan.

The statutory maximum price discussions for bread in most parts of the UK during the year will go up by 3p on Monday week. This is agreed to reduce its increase and that of a small loaf by 1p to 2p. This was partly because

The increase, the biggest for a year, is to pay less than it is least six years, means that the posted price of a loaf will have gone up wheat and partly because the price of a loaf will have floated upwards since 1974. Yesterday bakers said that the original notification was pre-

a further rise would be needed later. Competition will prevent

in spring to cover another 1m. Spillers told the commission that its price increase of 2p, which had been proposed by EEC membership.

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supermarkets buy bread at a little thoroughly investigated by

discount and promote it heavily. Their price is not likely to go up.

The latest 3p increase is less than that proposed by the new three big baking companies. Because an investigation would be justified, it could justify a price rise of 2p.

All the bakers would have guard provisions of the new price controls and Rank said it wanted 4p a loaf. Neither company had much hope of price controls.

THE GREATER London Council is to protest to British Rail about the size of the fare increases announced last week and the lack of prior consultation.

ROYAL COMMISSION ON DISTRIBUTION OF INCOME AND WEALTH

Gradual move towards equality

BY MICHAEL BLANDEN

BRITAIN IS not substantially more heavily taxed than many other industrial countries, says the latest report published by the Royal Commission on the Distribution of Income and Wealth.

A comparison with eight other countries shows that the proportion of personal income paid in direct taxes and social security contributions in the U.K. was close to the average for the other countries.

In the cases of Australia and Ireland, the figure was much lower than in the U.K. and in France and the U.S. it was somewhat lower. But Canada was about the same, and in Sweden and Norway the figure was much higher.

The report is the fifth published by the commission, headed by Lord Diamond, and is the third to cover its standing reference to keep the distribution of income and wealth under review.

Bringing earlier figures up to date, the report again confirms that the distribution remains highly unequal, but that the differences continued to narrow over the years.

From 1959 to 1974-75, the share of the top income groups fell gradually. The top 1 per cent. has dropped from 8.4 per cent. of the total before tax in 1959 to 7.6 per cent.; while the income share of the top 10 per cent. has fallen from 29.4 per cent. to 26.8 per cent.

The commission estimates that total personal wealth in mid-1975 was £238.9bn. and of this 24.3 per cent. was held by the wealthiest 1 per cent. of the population. The top 10 per cent. owned 60 per cent. of the total wealth.

The commission's review of the impact of income tax on the distribution shows that the average effective tax rate in 1974-75 was 18.3 per cent. The top 1 and 10 per cent. groups (ranked by incomes before tax) paid 47.1 and 29.1 per cent. respectively in tax whereas the average effective tax rate of the bottom fifth was 1 per cent.

The report says that the study of tax and benefit on income by the Central Statistical Office shows that the combined effects of taxes and benefits achieved a substantial redistribution toward greater equality.

In 1975 the share of the bottom two deciles in the household distribution rose from 1.3 per cent. of total original income to 7.2 per cent. of all final income. The share of the top two deciles fell from 43.7 per cent. to 37.8 per cent.

As a proportion of income, cash benefits and benefits in kind were most important for pensioners and the burden of direct taxation was greatest for non-pensioner adults.

The burden of indirect taxation was similar for all household types. Since 1961 benefits in cash and benefits in kind have become more important for the average household. There has been little change in indirect taxation but a marked increase in direct taxation.

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This finding of a more rapid rate of change was to some extent unexpected, given that movements in relative asset prices in 1974-75 tended to favour the top wealth groups; for example, there was a substantial increase in company share prices at this time.

It suggests that influences other than changes in relative asset prices, which played a dominant role in the previous year, must have been at work.

Among such influences are the substantial increases in

the commission's review of the impact of income tax on the distribution shows that the average effective tax rate in 1974-75 was 18.3 per cent. The top 1 and 10 per cent. groups (ranked by incomes before tax) paid 47.1 and 29.1 per cent. respectively in tax whereas the average effective tax rate of the bottom fifth was 1 per cent.

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DISTRIBUTION OF PERSONAL INCOME

Percentage shares of income received by given groups

BEFORE INCOME-TAX

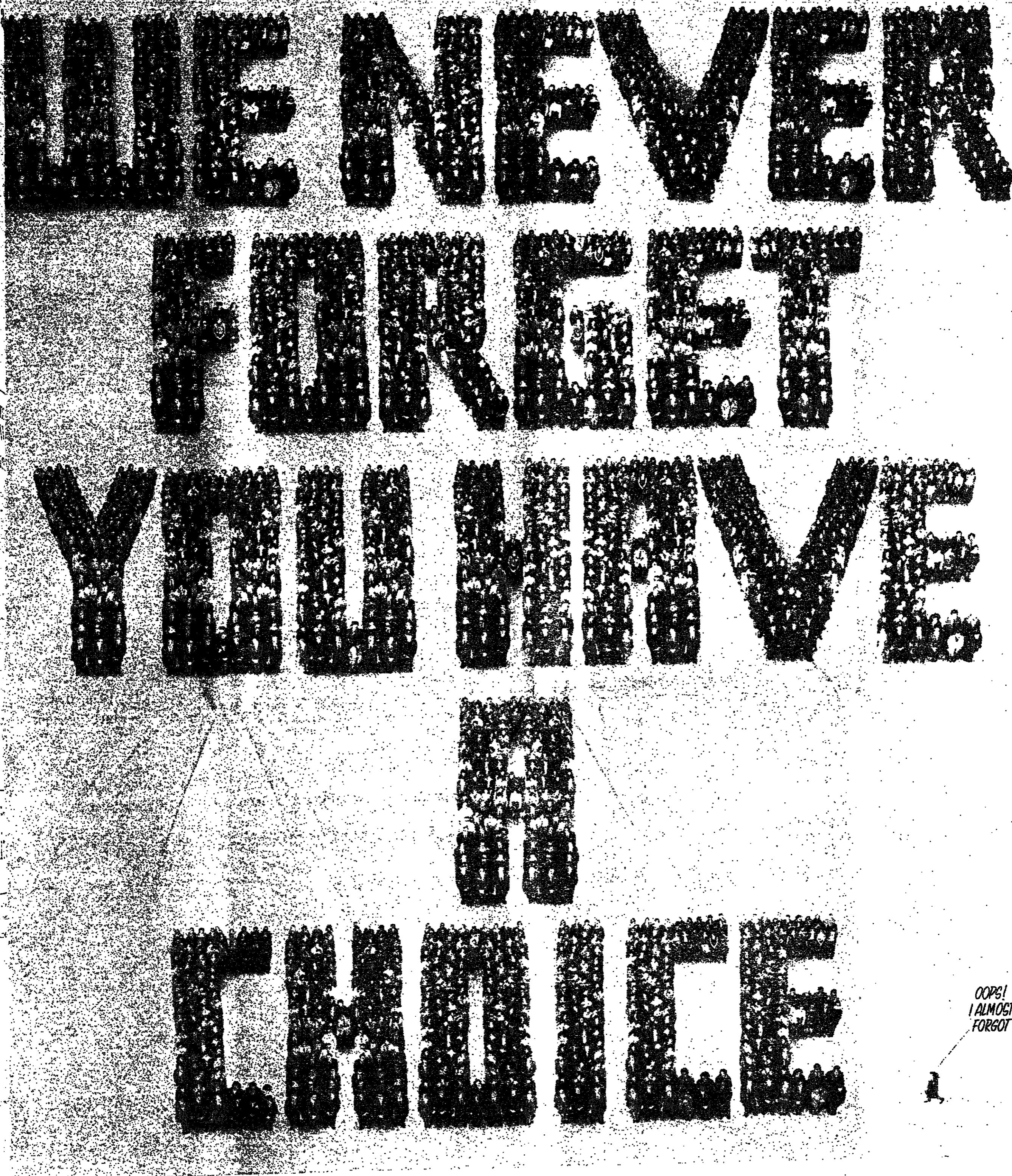
United Kingdom Quintile group	1959	1972-73	1973-74	1974-75 (Lower limit)	Income ranks 1974-75
Top 1 per cent.	8.4	6.4	6.2	5.8	5.4
2-5 per cent.	11.5	10.8	10.6	9.8	4.98
6-10 per cent.	9.5	9.7	9.8	4.097	
Top 10 per cent.	29.4	26.9	26.6	4.097	
11-20 per cent.	15.1	15.8	15.8	3.238	
21-30 per cent.	12.6	13.1	12.9	1.732	
31-40 per cent.	10.7	11.2	11.0	2.296	
41-50 per cent.	9.1	9.2	9.3	1.913	
51-60 per cent.	7.5	7.5	7.4	1.509	
61-70 per cent.	5.9	5.8	5.8	1.168	
71-80 per cent.	4.4	4.7	4.4	0.909	
81-90 per cent.	5.3	5.8	3.5	0.680	
91-100 per cent.	5.3	5.8	2.7	2.296	

AFTER INCOME-TAX

Top 1 per cent.	4.4	4.9	5.086
2-5 per cent.	10.5	9.8	9.7
6-10 per cent.	9.4	9.3	9.5
Top 10 per cent.	25.2	23.6	23.7
11-20 per cent.	15.7	15.8	15.8
21-30 per cent.			

جامعة

9



OOPS!
I ALMOST
FORGOT

Here at British Caledonian, our 5526 people have to do everything a little better than other national airlines.

We have to reserve your ticket a little faster. Serve your meal a little better. Be a little more helpful.

Because, unlike most other national airlines, we're an independent business.

Ask your travel agent or local British

Caledonian office: you'll find that we're in direct competition with other airlines to nearly all of our 40 destinations.

If we didn't run a better business, we wouldn't have a business to run.



**British
Caledonian**
We never forget you have a choice.

Consumer spending recovery starts

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

CONSUMER spending has started to recover but is still running slightly below last year's average level.

Figures published by the Central Statistical Office yesterday show consumer spending rose about 1% per cent in real terms between the second and third quarters to £8.8bn (at 1970 prices, seasonally adjusted). This is £25m less than indicated by the first estimate published a month ago.

Spending in the third quarter was, however, about 1% per cent below last year's average level and 2% per cent lower than in the peak year of 1970.

The Central Statistical Office reports that between the second and third quarters there were falls in expenditure on fuel and light and on food.

Spending on alcoholic drink, clothing and footwear, durable household goods and on motor vehicles rose.

The main increases have already been reflected in the 2% per cent rise in spending in shops between the quarters. The October figures, published earlier this week, suggested that the recovery had faltered in the last couple of months, however.

Some of the third quarter rise appears to have reflected a concentration of buying in periods of special sales and price cutting.

Another possible explanation for the irregularity of retail sales

CONSUMERS' EXPENDITURE (£m.)				
	Food, drink and tobacco	Clothing and footwear	Durable household goods	Total
1973	34,662	11,214	3,114	2,074
1974	35,631	11,285	3,087	1,967
1975	35,257	11,246	3,143	1,910
1976	35,405	11,341	3,184	1,968
1st	8,829	2,787	778	482
2nd	8,797	2,832	795	486
3rd	8,880	2,880	805	501
4th	8,999	2,842	806	499
1977 1st	8,762	2,753	804	472
2nd	8,663	2,768	788	468
3rd	8,800	2,780	840	499

Source: Central Statistical Office

at present may be that many cent increase in consumer spending workers have been delaying their in real terms in the 12 months to the second half of next year. If the earnings rise was larger, consumption could grow by a greater amount depending on what happened to personal savings.

But the expected acceleration in earnings, coupled with income tax cuts and rebates, is likely to lead to a sharp recovery in consumer spending next year.

The Treasury forecast, on the probably optimistic basis of a 10 per cent rise in earnings in the current pay round, is for a 3 per cent rise in spending in the second half of next year.

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New EEC tax structure puts 6p on 20 small cigarettes

BY STUART ALEXANDER

PRICES of small cigarettes will rise by at least 6p for 20 from January 1 as the new Common Market tax structure comes into force. Submissions have been made to the Price Commission by both Rothmans and Gallaher which will reduce the present gap between the smallest cigarettes and king-size from the present 13p to about 6p.

In some cases king-size cigarettes will be only 4p a packet more than the smallest.

At the same time, both companies have announced they are dropping several small-selling brands from their price lists and further rationalisation is expected in the first quarter of 1978.

Imperial Tobacco, which owns John Player and W. D. & H. O. Wills, has not made an announcement. Yesterday the company would say only that it had been considering pricing policy but was not able to give an indication of its future structure.

Behind the delays are understood to be differences of approach between Player and Wills, while Imperial has tried to reach a common policy suitable for both without harming the competitiveness of one or the profitability of the other.

Although still dominating the market, Imperial's share has dropped to about 60 per cent from its long-time 66 per cent with John Player now outstripping Wills, so far the leader with its successful Embassy brands.

The retail trade is anxious to

Budget row threatens accountancy body

BY MICHAEL LAFFERTY

A ROW over a 70 per cent increase in budget costs threatens the fragile unity of the accountancy profession's overall co-ordinating body.

The organisation—the Consultative Committee of Accountancy Bodies—was set up a few years ago by the Institute of Chartered Accountants, the Association of Certified Accountants, the Institute of Cost and Management Accountants and the Chartered Institute of Public Finance and Accountancy after the failure of an attempt to integrate the two.

Now, five of the six bodies making up the consultative committee are refusing to agree to pay their shares of a proposed budget for 1978, when costs are expected to increase from £230,000 to £400,000.

The objecting bodies are said to be willing to increase their contributions by only 10 per cent, leaving the English Institute of Chartered Accountants, which provides most of the

Audi fastback

THE fastback version of the Audi 100—the Avant—has been launched in Britain at £4,955. The car has a fifth rear door and folding rear seats but identical trim and equipment to the Audi LS saloon. It is powered by the 1.6-litre engine used in the Audi 80 model.

STC wins Swedish order

By John Lloyd

STANDARD Telephone Cables, the British-based subsidiary of ITT, said yesterday that it had signed a contract with the Swedish Televerket (telecommunications administration) for the supply of its newly-developed operator position assistance system. The contract is worth £500,000.

The contract, although a small one, is a significant breakthrough in two respects: first, STC has managed to break into the home base of L.M. Ericsson, one of the world's most successful telecommunications companies; and, more important, the contract is for equipment designed originally for the Post Office. British suppliers have complained in the past that equipment demanded by the Post Office cannot be marketed abroad.

The financial results are disappointing because traffic

demands were running at a high level in the summer, as a result of the Silver Jubilee.

British Airways faces the winter months when traffic traditionally falls away, and profits earned during the summer are severely eroded.

The results announced yesterday were based on a revenue of £697m. for the six months, compared with £636m.

The airline's performance was disrupted by industrial disputes at Heathrow, and in particular by the strike of air traffic control assistants which lasted for more than two months and cut the airline's flights by about 40 per cent.

Engineering problems with wing cracks on the Trident fleet also affected the results.

Although the six-months' revenue was higher than a year earlier, it was well below the target.

The gross profit on operations, before interest and taxation, was £71m. instead of the £108m. it had hoped to achieve, and below the £83m. gross profit earned in the first six months of 1976-77.

The net profit of £29m. was reached after providing for interest of £10m., £3m. for amortisation of currency losses, and £33m. for taxation and other charges.

The financial results are disappointing because traffic

which the promise it made when the plan for Coal was drawn up (in 1974) to increase productivity by 4 per cent per year.

Scaling specifically with South Wales, Sir Derek forecast that the area would make a year-end of more capital.

This first speech by the chairman, in his miners rejected the Boar's productivity deal was a major improvement in output. With output at 150,000 tons a week, the field was making consistently record the lowest production rates in the country, rising to 187,000 tons a week.

Output per manshift (O.P.M.) stands at 25.8 cwt.s, a little over a small profit.

Sir Derek said: "I am glad to know that the urgency of this situation has not been missed by the trade unions involved. All of them, led by the NUM, have asked the Area Director to meet their executive committees to develop a vigorous research discuss this dire position.

Sir Derek said that productivity was virtually the only area in which the NCB had not achieved success—new reserves had been discovered, improved mining techniques had been developed, a vigorous research discuss this dire position.

The unique product of the South Wales field—anthracite—is now in such short supply that it is having to be imported to increase amounts to keep coal inter-

Callaghan acts in Civil Service dispute

BY CHRISTIAN TYLER, LABOUR EDITOR

A MORE open system of determining civil servants' pay was agreed by the unions last night after an emergency meeting with the Prime Minister to avert the collapse of negotiations.

Mr. Callaghan cancelled other appointments to see union leaders who objected to his last-minute insistence that Government scientists should be included in the Pay Research Unit examination of comparable jobs in private industry.

A formula was agreed at Downing Street which allowed the national staff side to accept by 18 votes to 4 the whole of a new agreement.

This restores the Pay Research Unit, which was suspended before Stage One of the incomes policy, just in time for it to carry out its survey for April 1, 1978.

The unions accepted that it could not be done for next April. This means individual unions will be submitting their own claims—many of them will outside the 10 per cent guideline.

The importance of the agreement is that the unit will be led by a Board composed of an independent chairman, who is yet to be appointed, and four others who are not civil servants.

The Civil Service Department and the unions will have two members each. They and the unit's director will not be voting members of the Board. The will do their own thing in 1978, director's annual report to the Civil Service will be published.

This arrangement is due to be an orderly bargaining in Government concern about the civil service for many years public criticism of Civil Service to come."

Europe air fares to reflect costs

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE U.K. Civil Aviation Authority is to seek to set European fares at levels related as closely as possible to an airline's costs "despite the many practical difficulties and limitations which arise."

This objective is outlined in a new discussion document on European air fares, published by the authority following the two-day public discussion on this topic earlier this year. Achievement of the aim will not necessarily result in cheaper fares—some could rise, especially if costs also continue to rise.

The authority recognises that it is not an entirely free agent in establishing fares.

Airlines are subject to the available choice to passengers, however, as with normal fare facilities on scheduled services, the regulatory authority has the duty to ensure that the product offered reasonably matches the needs of the travelling public.

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The authority's intention is that this approach would lead to a closer understanding with airlines before they attend IATA conferences at which fares are negotiated.

At the same time, the authority intends to see that the airlines get a fair rate of profit for their operations.

The authority says that where there is effective competition in the provision of any particular fare, there is less need for regulation.

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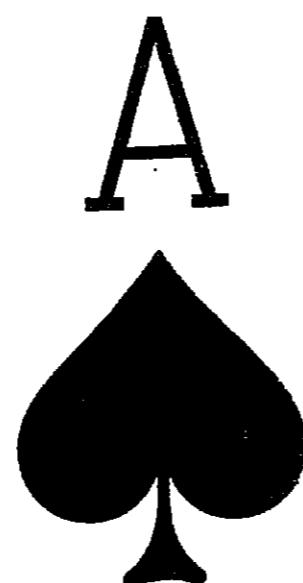
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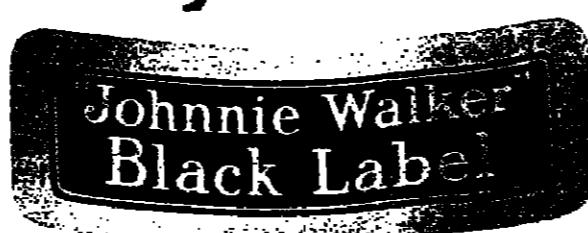
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"Where there is a lack of available choice to passengers,

The Financial Times



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These men and women have given their minds to their Country. If we are to help them, we must have funds. Do please help to repay this vast debt. It is owed by all of us.

"They've given more than they could—
please give as much as you can".

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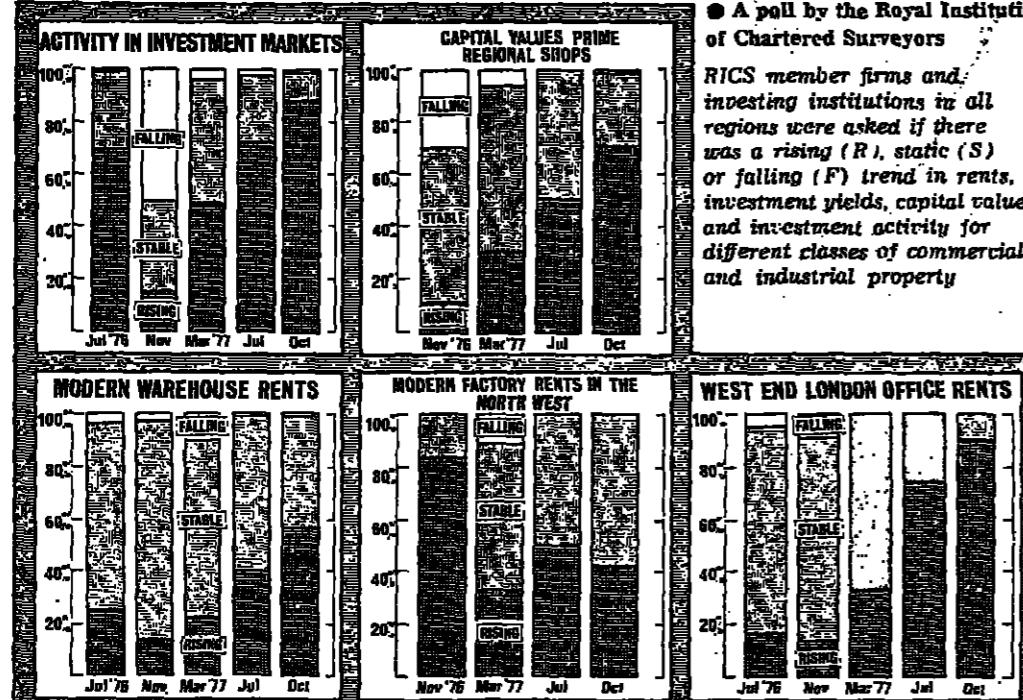
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BUILDING SOCIETY RATES

Every Saturday the Financial Times publishes a table giving details of Building Society Rates on offer to the public.

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Property Market Indicators



Few development sites

There is still more talk than has had on capital values, of rising industrial and values section in the property development market. But the talk emerged as one of the most striking features of the market in the past three months. At the time of the last poll, in July, 57 per cent of respondents felt that the capital value of offices nationally were rising. By the end of October that figure had risen to 74 per cent of those polled and on a national basis this trend is repeated for all categories of property covered by the survey, from secondary shops to modern warehouses.

Regionally, trends in capital value continue to closely parallel rental trends, except for industrial land, where buying pressure is now beginning to anticipate future rents. In the Midlands, for example, there has been a continued steady rise in the number of firms reporting an upward trend in rents, although offices continue to lag behind this move because of continued over-supply problems.

This steady firming of rental trends contrasts with the dramatic rise in demand for industrial land. In July over 60 per cent of firms believed that the industrial land market in the Midlands was static. By October 67 per cent felt that land values in the East Midlands were rising and 76 per cent felt that prices were moving ahead in the West Midlands.

This pattern has been repeated nationally, with an increase from 50 to 76 per cent in the reports made, and the effect this demand

IRISH OIL AND GAS REVIEW

The glass is half empty

STARING INTO a glass receptacle filled to the mid-point with a black and treacly fluid, which was deemed unexploitable. But with the targeted full output of 125m cubic feet daily full. It is the classic definition Kinsale could run for 20 years of optimism and it accurately reflects dimmed but lingering hopes of substantial oil and gas finds off the Irish coast.

But the offshore search in Irish waters has had a bad year, and realists might be inclined to judge that the glass is in fact half empty. The 1977 drilling season was to have translated into reality Irish yearnings for a hydrocarbon bonanza. Over a dozen holes were expected to be sunk and in February the minister responsible for the offshore programme hinted at positive data that should produce very exciting results.

In the event, a worrying proportion of the oil companies backed out at the last moment. Only six wells were drilled this year. Five have been plugged and abandoned. At the sixth Amoco is braving the recent sales and pressing on with its end-of-season drilling for gas in the shallow water of the Kish Bank of Dublin.

The track record of Irish waters so far is poor or not so bad, depending on what the statistics are laid out. The easiest approach is to divide the offshore search into two, taking as a separate case the 11,000 square miles Marathon petroleum concession of 93 blocks in the Fastnet that dates from 1960. It is a phenomenon very different from the other offshore search, dating from licences awarded in 1975, in which ten consortia share 44 blocks.

Marathon's huge slice off South East Ireland is what had been thought to be the potentially richest hydrocarbon belt, and is all that remains of the almost total exploration rights the company purchased 18 years ago for a reputed £500 million when offshore prospecting seemed to the Irish a commercial eccentricity. To date that area has yielded one major commercial gas field, the old Head of Kinsale structure spanning about three blocks that goes on stream next year when it will start with a production rate of 65m cubic feet a day. By North Sea standards the field is small, about half

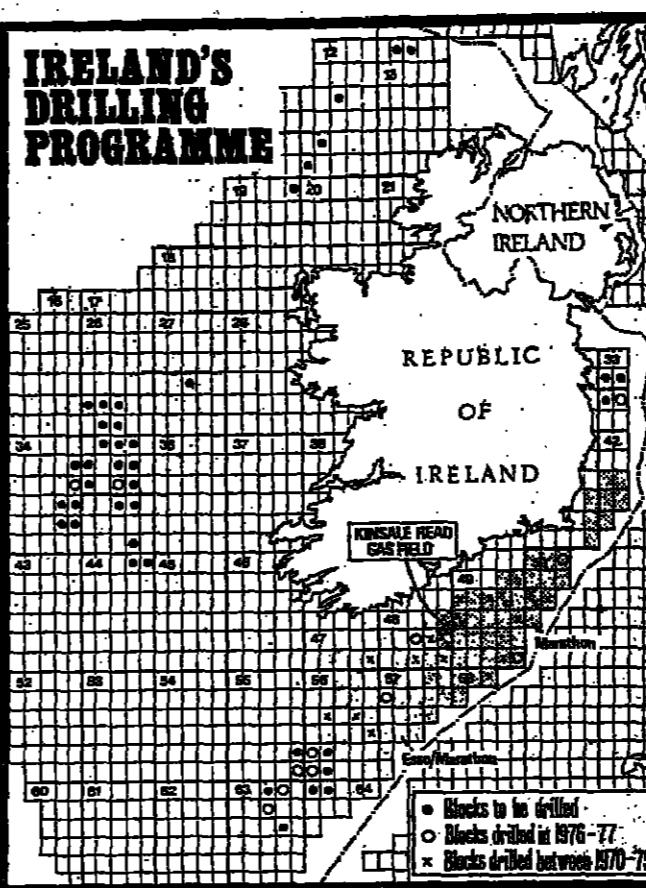
the size of a gas structure found off Norway by Elf-Aquitaine which was deemed unexploitable. But with the targeted full output of 125m cubic feet daily

it remains, however, the only real success. Five years ago, mindful of the resources that would have to be devoted to developing Kinsale, Marathon negotiated a farm-out arrangement with ESSO, giving it a 50 per cent working interest in 52 blocks and retaining the other 39 exclusively.

The results of this injection of fresh resources have been disappointing, and ESSO has seldom troubled to conceal this. Nine holes have been drilled in the jointly-operated blocks, while in Marathon's exclusive zone the total is 26—59 blocks remain undrilled or uncovered by a petroleum lease from the Dublin Government. Even if Marathon presses ahead at the rate of four blocks a year as is indicated for 1978, a substantial chunk of the Celtic Sea zone will revert to the Government in March 1980 when the concession runs out.

Given that the south eastern zone was tipped as Ireland's prime search area and saw the start of the oil search, Marathon and ESSO have naturally appeared discouraged. Yet both companies have come tantalisingly close to further discoveries. In the Seven Heads structure in the Fastnet, ESSO in 1973 drilled on block 48/24 and found a "non-commercial" oil field, producing 780 barrels a day, and the following year on Block 48/28 found oil at the rate of 1,550 barrels a day. Subsequent drilling around the Seven Heads failed, however, to establish a commercial find.

Perhaps the biggest disappointment to date has been there should have been a fine plugged and abandoned well in a steeply rising block on Block 49/30 into the Marathon, at any rate, is followed by the Citrus Services consortium on Block 63/4. To assess accurately. There lies keep exploration going



by Irish Government incentives, consortia whose programmes

is said—to drill on the dis-constitute an offshore search

put median line would be that parallels the Marathon

politically contentious. As it ESSO partnership, the results

turned out, Molly Malone con-

tained sea water despite pre-

Seven wells have been drilled

in two years and each in turn

has been drilled and aban-

doned. This is a lesson for the

Irish Government to learn

from the experience of the

UK and elsewhere. The

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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

• FOUNDRY EQUIPMENT

Foundry technology for the Russians

FLUIDISED bed technology via VEB Metallurgimport is figures prominently in a major required by the end of next year for foundry equipment worth the total value is placed with Stone Wallwork International in conjunction with Fordash (Heworth) Ceramic Industries to go to an existing plant in Leningrad and a new foundry in the Urals.

The lion's share is taken up by four automated Fordash hot melters for the production of thermal insulation. Resin-coated sand to be used in shell mould foundries. There will also be two multiple-unit Fordash-Fluidire sand reclamation plants for the thermal treatment of used mounting sands from Shell and hot low temperatures shown on the right.

Fluidised bed coolers will also be used to treat the reclaimed sand prior to re-coating with resin.

More from Fordash at Brandon Way, West Bromwich, B76 1PS.

• MATERIALS

Foams when gas leaks

USING carbon dioxide as a propellant and an active compound which foams when applied to gas leaks, an aerosol spray leak detection unit which can be used in place of the conventional soap solution has been launched in AIG Welding.

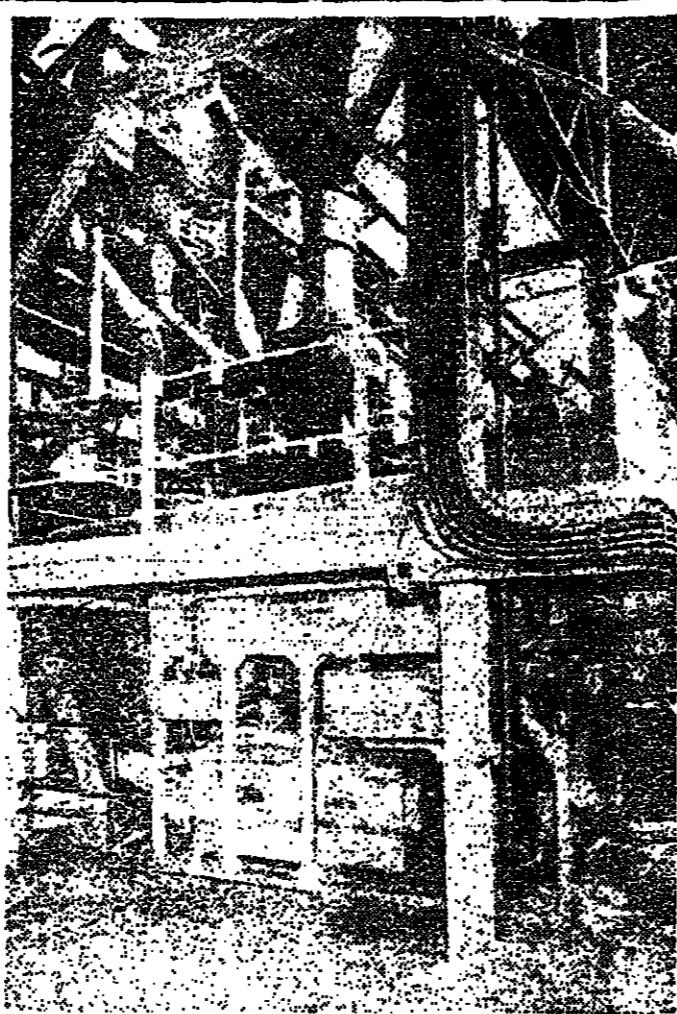
When the compound is applied immediate foaming is produced, even on the smallest leak, says the company. The compound is stated to be non-staining, non-corrosive, non-flammable and non-explosive.

It can be used on gas welding and cutting equipment, compressed air lines in hospitals and factories, and domestic gas pipes. Details from the company at Burton Close, West Drayton, Middx. (West Drayton 47711).

Light work air press

MOST JOBS that are usually carried out on hand toggle or fly presses can be undertaken on the latest pneumatic toggle press from Sharpe and Wright.

It has a capacity of 2.75 in 4 tonnes and stroke lengths from 30 to 55 mm (infinitely variable). Throat depth is 140 mm, daylight 216 mm, and table size 152 x 287 mm. The machine is fitted with



• ELECTRONICS

Voltmeter chip

DEVELOPED BY National Semiconductor is an integrated circuit "chip" containing most of the requirements for a digital voltmeter able to read up to 3.5999.

"ADD 3701" is an extended range version of a device introduced earlier this year and will be particularly useful in weight, rotation and temperature measurements.

Needing only a single five-volt supply, the circuit will drive a multiplexed seven-segment display directly and has differential input protection to 20V. Adjustable over-range and polarity are provided and an on-chip clock obviates the need for an external signal timing circuit.

A pulse modulation analogue to digital method is used requiring an external precision component, and the seven segment outputs are able to deliver 40 mA per segment. More from 19, Goldington Road, Bedford, MK40 3LF (0234 211262).

A new no-hands large-scale integrated device from National Semiconductor combines memory storage and peripheral interface abilities and can, says the company, do the job of five or more standard memory and input-output parts. 0234 211262.

• TEXTILES

Processing time cut

A NEW much faster system for texturing yarn developed by Coats, Paton subsidiary, John Heathcoat, could soon be put into commercial production following the signing of a licensing agreement with James Mackie, the Belfast-based textile machine builder.

The system, if it can be successfully exploited, offers yarn producers a way around a major constraint in texturing—the process which adds bulk to man-made fibre yarns to give the properties required in apparel and other uses. Though the yarn is delivered in spun form at very high speed, conventional texturing, which involves putting a false twist into the yarn, can only be done at much lower speeds. The operation as a result has to be done in at least two stages, greatly increasing processing time.

John Heathcoat of Tiverton, Devon, the main texturing company in the Coats, Paton Group, has been working for eight years on its new process which raises the texturing speed from the current 600 metres per minute to around 5,000 metres per minute, and has sold 1m. Miles of yarn worth £1.5m. on machines which it has built and operated itself.

Efforts to secure the interest of major machinery builders who

• COMPUTERS

Molecular rides again

SOME THREE years after its spectacular collapse under the weight of software development costs, BCL—now Business Computers (Systems) and an associate of Computer World Trade—lives again in a new mark of its Molecular small business computing equipment.

Series IV, designed and made at the BCL factory in Brighton, takes advantage of rapid progress in component technology to provide faster response, higher data capacities and improvements in data transfer, while retaining the transaction processing abilities of its predecessors.

A Series IV machine is able to run up to 84 peripherals and will run the routines developed for Mk. II and Mk. III systems.

While BCL has generally aimed at first-time users, and has some 300 earlier marks of Molecular installed in the U.K., the new equipment is powerful enough to appeal to experienced computer users who have a need for large and frequently updated disc files—top capacity is 200M characters. It is also well suited for use in distributed processing situations because of its ability to support a large amount of local processing coupled with ability to transmit large amounts of data at high speeds to other manufacturers' equipment.

Applications packages provided

with the machines cover all the main accounting functions, invoicing, stock control, payroll and sales purchase and nominal ledgers—controllable via displays and keyboards with a number of useful facilities.

A significant aspect of the company and its new development is that, despite the difficulties it has been through, the software work and the design of the new machines has been carried out entirely with its own resources under the CWT wing. No Government aid of any kind has been provided.

Business Computers (Systems), The Pagoda, Theobald Street, Boreham Wood, Herts WD6 4RT, 01-267 3344.

• IMPROVING manager's control

USER DEMAND for performance testing is behind the increasing and technical systems, supporting recently announced interest in the Johnson Job a bureau, and is looking at the JARS (Johnson Accounting Report System) in international markets. Managing director George Coggan says he will now direct the company towards both Europe and the U.S. He believes the key to these markets is the fact that Gamma has specialised entirely in the application of

• INSTRUMENTS

Checks for many gases

OPTIONAL CIRCUITS will open trip alarms at pre-set gas concentrations or provide a proportional control signal suitable valve actuators. More Walkergate, Newcastle-Tyne, NE2 2YB (0632 6507)

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STEEL BARS AND SECTIONS

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(A member of GKN Rolled & Bright Steel Ltd)

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DEC equipment and claims

in the U.S. there is no comp

to match Gamma's size

specialises in this way.

An American is already or

staff to advise and the help

that the company should

no trouble in winning busi

alone. More on 0802 49555.

Component distribution

MEMEC of Aylesbury has

selected to distribute Zilog

components including microc

processors, in the U.K. It

immediately start selling

supporting recently annou

nounced memory chips

Menice is an associate

of the Swiss organiza

tion, the Zilog distribu

tor. It operates from The

Whitchurch, Aylesbury. B

02964 366

Fast growth at Gamma

SET UP in 1970 with a handful

of people and a turnover of

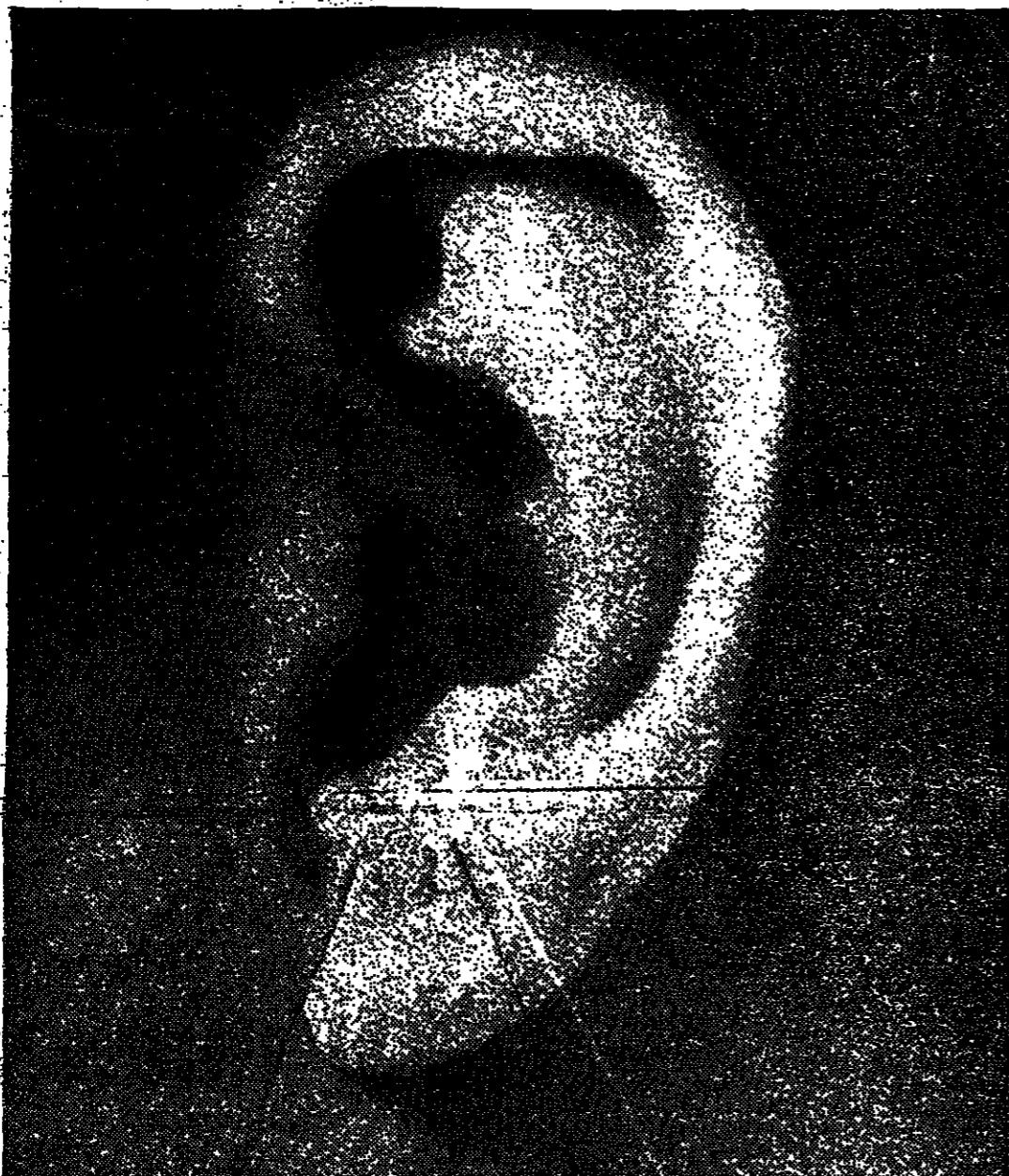
£2,000, Gamma Associates,

Nottingham-based DEC mini

and software specialist, now has</p

هذا من العمل

Never mind car rental. Let's talk money.



Listen. Our figures are music.

All things being equal, wouldn't you rather see more profit at the end of the year?

Of course you would.

And if you rent cars, you very easily can. Because Swan National's rates are almost certainly lower than those you're paying at the moment.

Look:

Taken from tariffs: Swan National 1st June 1977, Avis 1st July 1977, Godfrey Davis 4th July 1977, Hertz October 1977.

TYPE OF CAR	SWAN NATIONAL	AVIS	GODFREY DAVIS	HERTZ
FORD ESCORT 1300L OR SIMILAR	DAILY PER MILE £4.25 (5p) UNLIMITED WEEKLY £49.45	£4.95 (5½p) £60.00	£4.95 (5½p) £59.50	£4.95 (6p) £90.00
FORD CORTINA 1500L OR SIMILAR	DAILY PER MILE £5.85 (6p) UNLIMITED WEEKLY £63.05	£6.25 (6½p) £75.00	£6.25 (6½p) £71.75	£7.00 (8p) £115.00
FORD CORTINA ESTATE 1600L OR SIMILAR	DAILY PER MILE £6.75 (7p) UNLIMITED WEEKLY £72.80	£8.50 (8½p) £102.00	£8.25 (8½p) £94.50	(GL model) £11.00 (11p) Not shown
FORD GRANADA GL 1600L OR SIMILAR	DAILY PER MILE £9.75 (10p) UNLIMITED WEEKLY £109.85	£13.00 (12½p) N/A	£12.50 (13p) £141.75	(Ghia model) £19.00 (19p) Not shown

Compare them and see how much you can save with Swan National.

A few quick taps on your calculator, and you can see how much extra your company could make in a year.

Startling, isn't it?

Of course, you need some facts about us as well. So just for a minute, let's talk car rental. Swan National is a British Company. We're five years old, and growing faster than any of the others. We have 70 locations throughout the country, all on our free one-way rental system.

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Ever since we began, we've saved money on our overheads to make you money on your rentals.

Our country-wide locations are sensibly sited, from them you get your car fast. Our people are hard-working and responsive. All our resources go into giving you a better car, a better service, a better deal.

In a word, we're businessmen. We put our money where it matters, in the cars and services we provide.

If you'd like to know more, ring Tony Grimshaw on 01-995 9242. Ask him about volume discounts, long-term leasing, vans, credit arrangements, overseas car rental in 33 other countries through our InterRent partners, and about the range of cars we offer and the high standards we work to.

You'll find it all very good news indeed. And, of course, ask him about money. That's the best bit.

SWAN NATIONAL



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Make the switch and make more money.

Self-assessment scheme under study

Rules relaxed on tax interest payments

BY IVOR OWEN, PARLIAMENTARY STAFF

A RELAXATION in the rules governing the commencement of self-assessment on tax returns is to be made in a Fabian address. Mr. Sheldon, in respect of assessments under Schedule 'A' and Schedule 'D' acknowledged its "unquestionable flexibility". This, he said, for the current year, which do not reflect the latest increases in personal allowances.

This was announced by Mr. Denis Davies, Treasury Minister of State, in the Commons last night when the Finance (Income by the Inland Revenue would also cover efficiency) Bill, authorising the higher personal allowances introduced in last month's mini-Budget and which will cost £1.2m, in a full year, was passed through all its stages.

He explained that many assessments under Schedule "A", mainly affecting income from rent and property, and Schedule "D", which covers most small businesses and the self-employed, were based on the personal allowances in the Finance Act 1977, which became law in July.

Adjustments would be needed to take account of the higher personal allowances introduced in the mini-Budget.

Mr. Davies stated: "For assessments which are under appeal, this will be done when the appeals are settled. But for assessments not under appeal, tax will be due for payment under these assessments of January 1, 1978, and interest may run from that date, if the tax is not paid."

"This may be a source of difficulty if, because of the size of the task, the Revenue are late in telling some taxpayers of the new reduced liability.

The Chancellor has therefore authorised the Inland Revenue to make administrative arrangements to meet this problem in advance of the appropriate legislative provision."

Mr. Davies said it was intended that nobody would have less than 30 days after the notification of the adjustment before interest started to accrue.

A statement to be issued by the Inland Revenue would explain the arrangement in detail and legislative authority for them would be included in the Finance Bill 1978.

Earlier, opening the second reading debate on the Bill, Mr. Robert Sheldon, Financial Secretary, disclosed that various aspects of the U.S. system of self-assessment for liability to income tax were being examined.

He heavily underlined the difficulties and disadvantages associated with self-assessment and crooked held out little prospect of any early developments resulting from the study.

tax preparers to deal with their assessments.

Asked by Mr. Nigel Lawson, Tory Treasury spokesman, if he expected tax allowances to be raised "in real terms" in the Chancellor's next Budget, the Financial Secretary answered:

"That is our hope."

But he stressed that it would be necessary to wait on events.

Success was needed in moderating wage settlements, so that as the water level of inflation fell, the day of pay rises at least in some respects, was preserved.

Mr. Peter Rees, opening the debate from the Opposition front bench, was more enthusiastic about the U.S. system of self-assessment. But he insisted that it would have to be preceded by the process of simplification.

Amid cheers from his Conservative colleagues, Mr. Rees claimed that the Labour Government, despite the protestations of the Chancellor, had no heart in the business of cutting direct taxation.

In separate exchanges, Mr. James Callaghan, Prime Minister, said that if the joint negotiating committee and the firemen were on the verge of a settlement, it might jeopardise the situation if soldiers went into fire stations to take out items of equipment, such as breathing apparatus.

However, he promised to look into the matter of breathing

Rees says message shows 'other unions' would want any increase for firemen

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

MR. MERLYN REES, Home Secretary, told the Commons yesterday that he had received a message from a group of trade unions warning that they would expect the same treatment if the Government gave way and allowed the firemen a pay increase of more than 10 per cent.

He was replying to Mr. Martin Flannery (Lab., Hillsborough), who called for some major concession to the firemen and said that sympathy for them was spreading among the public.

Mr. Rees said that he did not agree that other unions would accept that the firemen were a special case. He added: "I received a message last night from other unions who said to me, 'If you give to the Fire Brigade Union, you will give to us as well.'"

In separate exchanges, Mr. James Callaghan, Prime Minister, said that if the joint negotiating committee and the firemen were on the verge of a settlement, it might jeopardise the situation if soldiers went into fire stations to take out items of equipment, such as breathing apparatus.

However, he promised to look into the matter of breathing

equipment was not being used, using breathing masks. One view because of a block by the Fire Brigades Union.

The Home Secretary was asked by Mr. Tony Durand (C, Reading N) if he would make an offer of an extra 2½ per cent to the firemen in order to get negotiations moving again.

Mr. Rees replied that such a move would ignore the realities of the situation. The 10 per cent guide lines were of fundamental importance to the future of the country.

He was asked by Mr. Ian Lloyd (C, Havant and Waterloo) if servicemen were at stake when they were being asked to enter smoking buildings to

block the radio frequencies generally used by the fire services.

Mr. Rees told him: "Blocking the use of transmitters is an evil thing to do. Who is doing it is not known. It would be wrong to suggest that it is members of the Fire Brigades Union."

He maintained that soldiers were not trained to use complicated equipment and it was idle to pretend that they could. Soldiers could not be quickly taught to use breathing masks although a small group of them had been shown how to do so.

It was not true to say that

advisability of breathing

apparatus.

According to the Government,

under a 10 per cent deal the wages of a 19-year-old recruit in the provinces would go up from £22 to £27 a week. In London,

they would increase from £38 to

£42 a week.

Mr. Rees agreed that nothing

had arisen over pay rates

already begun.

The Home Secretary admis-

sed a mistake in the handling

of the Zabbar Airbase

incident at Mogadishu.

The Tory MP described

the decision of British news-

papers to publicise

the movements of Commo-

nados prior to their

on the air.

Mr. Rees agreed that nothing

had arisen over pay rates

already begun.

Mr. Rees said that the

Government had the right

to put to the test

the firemen's pay.

Later, the Prime Minister told

Mr. William Whitelaw, Opposi-

tion deputy leader, that the

Cabinet had discussed the avail-

ability of equipment and breath-

ing apparatus. There seemed to

be a difference of view on the

Vinces and in London.

Mr. Rees said: "The

same in and went out again

using a false passport

on one.

If you want it, a mistake

made, wear it certainly won-

dered by design," he added.

Talks start on Press coverage of terrorism

Financial Times Reporter

THE HOME OFFICE has sta-

talked with British newspaper

draw up a code of practice

coverage of terrorist incidents.

Mr. Merlyn Rees, Home Sec-

retary, told the Commons

Mr. Jonathan Aitken

Thanet, E.), had asked Mr.

to prepare a voluntary code

code following the Luftwaffe

incident at Mogadishu.

The Tory MP described

the decision of British news-

papers to publicise

the movements of Commo-

nados prior to their

on the air.

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The Home Secretary admis-

sessed a mistake in the handling

of the Zabbar Airbase

incident at Mogadishu.

Mr. Leon Brittan (C, C-

land and Whitchurch) said there

continued anxiety over the

as the terrorist was able to

the country and is now

expected of organising the

which ended up in Mogadishu.

Mr. Rees said: "The

same in and went out again

using a false passport

on one.

If you want it, a mistake

made, wear it certainly won-

dered by design," he added.

Next week's

business

Triumph for Labour moderates

By RUPERT CORNWELL, LOBBY STAFF

THE NUMERICAL strength of moderates in the Parliamentary Labour Party was again demonstrated last night when the Manifesto Group made a clean sweep of the six backbench MPs elected to the party's Liaison Committee for the new session.

The committee can have an important bearing on the ever-sensitive issue of relations between Government and backbenches and its elections are always something of a "beauty contest" between Labour's Left and Right wings.

Heading the poll with 10 votes was Mr. Fred Willey, followed by Mr. John Cartwright, Mr. Sydney Irving, and Mr. Phillip Whitehead, each with 9. Mr. Tom Urwin scored 8, and Mr. Jack Ashley 7½—four votes clear of the best-placed Left-winger.

Tory whip

MR. JOHN MACGREGOR, MP for Norfolk-South was last night appointed an assistant Conservative whip.

Replying to Commons questions from Mr. Richard Luce (C, Shropshire) and Mr. Robert McCrindle (C, Brentwood and Ongar), he said he shared the task of the whip in the production of a revised version of the SNP manifesto.

Mr. Luce said whether it was a wide spread public concern about the long-term effects of children in pornographic material.

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Replying to Commons questions from Mr. Richard Luce (C, Shropshire) and Mr. Robert McCrindle (C, Brent

The Management Page

Anthony Robinson describes the difficulties that can arise when a traditional company is turned into a dynamo of new activity

Metamorphosis in the media

THE past 15 years have seen the tough-minded and forceful Gerald Long to the post of general manager.

This led to the formulation of a more dynamic strategy aimed at ensuring Reuters' survival by supplying faster, cheaper and more comprehensive news and data retrieval systems than even the richest financial institutions could ever afford to do on their own—and to do it on a fully global scale.

A year after this decision Reuters entered into a licensing agreement with a U.S. company called Ultrronics which had perfected a squat little keyboard machine called "Stockmaster".

This allowed subscribers to punch a coded symbol and receive financial or commodity market data on a small visual display screen.

Ultrronics kept the rights to distribute U.S. market information inside North America but gave Reuters the chance to offer virtually instantaneous U.S. stock and commodity prices to the rest of the world.

The Ultrronics agreement not only gave Reuters access to new markets and new technology—it also provided the fresh capital needed to purchase Stockmaster terminals and the more sophisticated visual display system called Videomaster which followed.

Without Ultrronics' original willingness to finance Reuters' breakthrough into this area it is highly unlikely that the deal would have gone through. Reuters' own accounts show a loss of £51,000 in that year.

The link with Ultrronics, now called GTEIS—General Telephone and Electronics Information Systems following its takeover by GTE—comes up for re-negotiation in 1979.

Reuters followed up this breakthrough into new technology with the equally momentous decision to "go it alone" on the news front in North America where, up to 1967, it had received most of its U.S. news through the American news agency, Associated Press.

The decision to break with AP freed Reuters to market its growing range of services in the world's richest financial and media markets.

Over the last ten years, which hit these markets in the 1970s forced Reuters to step Britain's invisible earnings.

up the search for new potential markets.

This led to the foreign exchange and money markets, which were in a state of unprecedented turmoil and activity. The company's response was to develop its "secret weapon" the Reuters Monitor, which has revolutionised the company's business since its introduction in 1973.

The Monitor answered foreign exchange dealers' demands for a comprehensive and instantaneous supply of up-to-the-second news and data on currencies, Euro-deposits, bond markets, domestic money markets in the world's main financial centres, precious metals, and commodities. All are available clearly and immediately on a video display screen.

But from the point of view of



Gerald Long, managing director of Reuters

To keep up the momentum an extension is being prepared for the Monitor system. This will not only give foreign exchange and money market dealers—and corporate finance directors—access to the latest information but will allow them to complete their deals through the system as well. So when the new foreign exchange dealing system is introduced in February 1979 it will no longer be necessary for dealers to clinch their deals by telephone and telex—they will be able to do so over their own video monitors.

Phase two of this system would also permit the computerised matching of bids and offers through the system. This has run into heavy opposition from the market itself, however, and no decision is expected until this opposition has been overcome.

By any standard, this company of just over 2,000 people has done very well over the last 15 years. What is more, its trust status has allowed all profits to be re-invested. High growth and high investment have been accompanied—thanks also to a judicious use of leasing on a growing scale—by both higher profits and improved gearing. Shareholders' funds as a percentage of funds employed now stand at 64 per cent, only five years ago.

Insecurity

Because of this background and an apparently bright future one would expect to find a highly confident and satisfied atmosphere at Reuters.

Strangely, however, mingled with considerable pride in the company's achievements, one finds considerable tension and a sense of insecurity, particularly among journalists, but also to a degree among middle management and technical staffs.

One factor is that the company's transformation has increased the importance of the new breed of highly specialised economic journalists, accountants, business managers, computer specialists and salesmen.

Many journalists fear this has reduced the career prospects of the traditional "news agency" man.

Well over 80 per cent of Reuters' accounts do not break down the full costs of running

served stock and commodity markets—and their introduction abroad—last year Europe accounted for £19.2m. of turnover and North America £7.4m.

generally depressed financial

state of the world's media does

not allow Reuters to cover the free news to the bums who sell technical staff.

The fact remains, however,

that the "resignation" of Jonathan Fenty who was sacked as

Editor, offered the Washington

news bureau and resigned)

Editorial put its foot down on

the concurrent re-organisation

of that, but Reuters is above all

a human resource company.

People matter, but there is a

widespread feeling in Reuters

at present that this simple

principle is being undervalued

up there where the deep think-

ing is going on.



Glen Gowin
An American executive in New York keys into a Reuters video terminal which provides access to a wide variety of financial and commodity information.

nalists in London and in posts Reuters' news and Reuters' trading and business messages around the world with all the name. The North American ger.

The executive committee has been reduced to five—Gerald Long, the two joint deputy managing directors, Michael Nelson, who looks after the world-wide business outside North America, and Glen Renfrew, who looks after North America, plus company secretary Nigel Judah and staff manager Kevin Garry. Nelson and Renfrew also head their own respective London and New York executive groups.

The new editor, Michael Reimke, will report directly to managing director Long himself. But in most journalists' eyes this in no way diminishes the significance of the fact that the editor of Reuters no longer has a seat on the top level executive committee.

This reorganisation is all part of an exercise through which Long achieves the maximum delegation of responsibilities without relinquishing control. This approach, together with a taste for the occasional but sudden defenestration pour encourager les autres, is one of the predominant characteristics of the Long style.

After 15 years in the job he has increasingly less time for the operational details of this highly complex organisation.

"The function of the managing director," he says, "is not to concern himself with day-to-day matters but to plan the future."

It is difficult to fault the logic of that, but Reuters is above all a human resource company. People matter, but there is a widespread feeling in Reuters

that the principle is being undervalued up there where the deep thinking is going on.

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INTERNATIONAL FINANCIAL AND COMPANY NEWS

JAPANESE COMPANIES

Hoom at Marubeni

MARUBENI Corporation, the commercial house, expects after-tax profit for the year to fall 10 per cent to Yen 15bn, from Yen 18.5bn, it reports Reuter.

Imports are expected to fall 10 per cent to Yen 400bn, from Yen 440bn, last year.

Mitsubishi Oil sales to LDCs

MITSUBISHI OIL Company expects sales in the second half of the year ending March 31 to total between Yen 400bn and Yen 410bn, compared with Yen 42.4bn in the same period last year—a rise of around 17 per cent, reports Reuter. Sales per share were down from Yen 17.05 to Yen 16.64 per cent, reports Reuter. Mitsubishi, however, is unable to give an interim dividend.

beni has reported a 4.8 per cent fall in after-tax profit for the half-year ended September 30, from Yen 2.05bn, on the same period last year, on rising 0.4 per cent to Yen 17.05. Sales per share were down from Yen 17.05 to Yen 16.64 per cent, reports Reuter. Mitsubishi, however, is unable to give an interim dividend.

Japanese companies' results for half-year to September 30

	After-tax profits		Sales		Interim dividends	
	1977	1976	Yen	Yen	1977	1976
As Co.	2.30	2.14	3,080	3,130	2.5	3
Steel Corp.	1.96	1.51	473.46	463.89	n/a	2.5
Electrical Construction	2.21	2.02	62.60	51.71	n/a	n/a
Abel	4.04	5.74	417.18	440.19	n/a	2.5
Co.	9.43	10.97	231.79	222.93	3.75	3.75
Reiki Co.	2.07	4.02	3,180	3,170	3	3
Oil Co.	3.7	2.7	110.0	98.4	5	5
Electric Inds.	10.77	7.53	352.25	345.24	n/a	n/a
Light Metal Inds.	1.83	1.08	134	120	2.50	2.50
Total	24	10.07	544	539	n/a	n/a

ta prospect

Equipment, has forecast a fall in Exports are estimated to reach net profits to Yen 15bn for the Yen 46.63bn, compared with the manufacturer of cast current year, to March, from Yen 46.63bn. The company's first-press, agricultural and in Yen 21.67bn, last year, on sales of half exports were Yen 21.73bn, machinery and housing Yen 27.7bn, compared with Yen 48.60bn, against Yen 14.74bn.

Brazil freezes foreign funds

DAVID WHITE

BRAZILIAN GOVERNMENT under a resolution approved yesterday by the National Monetary Powers access to foreign Council. The measure means freezing coming into the country now and January 20, in a estimated inflow of \$1.7bn, to keep down this including \$1.2bn in loans growth in money supply, tracted on international markets loans coming into Brazil by State-controlled Brazilian held as foreign currency companies.

at the central bank. Sr. Joao Paulo dos Reis Vel-

BRASILIA Nov. 17.

Ioso, Planning Minister, said the aim of the move was "to prevent the inflow of foreign financing from affecting monetary programming for this year."

Loans coming in from today until the end of the year will be released for conversion into local currency between January 3 and January 5. Funds coming in during the first three weeks of January will be released the following month.

Among the main borrowers believed to be affected by the measure are the power companies. Light Servicos de Electricidade, a subsidiary of the Canadian Brascan group, and the State-controlled CESP, the Government merchant marine authority Sunamam, and the company responsible for building Rio de Janeiro's underground railway.

The ruling provides exemption for borrowings that are destined exclusively for the servicing of existing debts.

The first reaction to the measure was an increase in overnight interest rates, and other domestic market rates are also expected to rise. The restriction follows a recent increase in compulsory deposit requirements for Brazilian commercial banks, which now stand at 40 per cent. The measure is expected to add to growing demand for investment bank funds.

U.S. \$50,000,000 Midland International Financial Services B.V.

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For the six months from 16th November, 1977 to 18th May, 1978 the notes will carry an interest rate of 11.75% per annum. On 18th May, 1978 interest of U.S.\$38.65 will be due U.S.\$1,000 note for coupon No.2. Principal paying agent European-American Bank & Trust Company 10 Hanover Square, New York, N.Y. 10005 U.S.A.

Agent Bank: Morgan Guaranty Trust Company of New York

Braby Leslie Ltd

Mechanical and Civil Engineers

INTERIM STATEMENT FOR THE SIX MONTHS ENDED 30th SEPTEMBER 1977

The unaudited results for the half-year ended 30th September 1977 are given below together with the comparative figures for the half-year ended 30th September 1976 and the full year ended 31st March 1977.

The results include post-acquisition turnover and profit before tax of £2,505,000 £1,287,000 respectively, from E. C. Poyer & Company Limited acquired on 1st July 1977, and S. Briggs & Company Limited, acquired on 1st September 1977 with effect in 1st April 1977.

	Half-year ended 30th September 1977 £'000	Year ended 31st March 1976 £'000	1977 £'000
Turnover	15,417	10,757	23,859
Gross Profit	1,212	890	1,651
Interest Payable	(56)	(82)	(136)
E-TAX PROFIT (note 1)	1,156	808	1,515
(447)	(301)	(294)	
PROFIT after taxation and before extraordinary items	709	507	1,221
extraordinary items	—	—	(596)
Net Profit	709	507	625
Dividends per Ordinary Share (note 2)	8.4p	8.0p	17.7p
Dividends per Ordinary Share assuming full tax charge at 52%	6.8p	6.1p	10.5p
Tangible assets per Ordinary Share	73.7p	66.3p	70.2p

Notes:

The low taxation charge is due to the fact that provision has been made for deferred taxation only to the extent that it is reasonable probability that stock values will reduce in the foreseeable future.

The earnings and tangible assets per Ordinary Share at 30th September 1977 have been based on 6,417,817 shares deemed to have been in issue from 1st April 1977.

Mr. Eric Izod, the Chairman, makes the following points:

An interim dividend of 2s (gross 3.0303p) per share has been declared for the year ending 31st March 1978, compared with 1.75p (gross 2.6923p) paid last year.

The Board expects, in the absence of unforeseen circumstances, to recommend a final dividend of 3.25p (gross 4.9242p) for the year ending 31st March 1978, making a total of 5.25p (gross 7.9545p) per share. For the previous year dividends will amount to 4.5423p (gross 6.9231p) per share.

S. Briggs & Company Limited was acquired for a consideration of £36,682 as from 1st April 1977. Its brewing equipment complements and expands the Group's range of bulk storage equipment.

The mechanical engineering companies have had a satisfactory half-year and demand continues to be good.

In a difficult civil engineering climate, George Leslie Limited and Tam's Loup Quarries Limited have achieved results higher than expected and are currently operating at a satisfactory level.

The run-down of Cable Lines Limited has proceeded smoothly; contracts have been exchanged for the sale of the freehold property in Nottingham for £115,000 (book value £39,460).

We have eliminated current losses at Cable Lines Limited and believe adequate provisions have been made for rectification work etc. We also have the benefit of recent acquisitions. Having regard to the current order book in the Group, we are confident that unless there are unforeseen circumstances outside our control, our expansion will be maintained.

COMMERCIAL BANK DEBT**The shift away from the LDCs**

BY MARY CAMPBELL

TOKYO, Nov. 17. The company has announced a 4.2 per cent return after-tax profit, up 1.5 per cent, to Yen 10.75bn, from Yen 9.53bn, in sales rising 2.9 per cent, to Yen 52.6bn.

Earnings per share were up to Yen 88 from Yen 72.11.

Profit before tax and special items rose 5.1 per cent to Yen 10.95bn, from Yen 9.75bn, following an improvement in the company's financial account and earnings on foreign exchange.

It returned an exchange profit of Yen 2.92bn, compared with Yen 1.72bn in the same period last year.

Mitsubishi Oil sales to LDCs

MITSUBISHI OIL Company expects sales in the second half of the year ending March 31 to total between Yen 400bn and Yen 410bn, compared with Yen 42.4bn in the same period last year.

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FINANCIAL TIMES

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Friday November 18 1977

Money supply targets

AS THE banking figures for the month to mid-October had already suggested, the growth of the money supply on the broader definition has now moved outside the official target range of 9-13 per cent for the financial year; during the six months that have so far elapsed, sterling M3 has been growing at an annual rate of 14 per cent. The sudden change during the past couple of months from growth at the bottom end of the range to growth first at the top end and then above it is almost entirely due to the heavy inflow of funds from abroad. Since this inflow remained heavy between mid-October and the decision to let the exchange rate float upwards, the money supply figures for at least the next month are also likely to be outside the target range.

This cannot fairly be described as an abandonment or failure of monetary control, given the abnormal circumstances responsible. Indeed, the decision to let the exchange rate float upwards, despite the reservations of several leading politicians—and the theoretical doubts about appreciation aired in the last Bank of England Bulletin—is a convincing demonstration of official determination to continue attributing more importance to monetary control than in the past. The Governor's remarks at the Mansion House dinner about the continuing value of published monetary targets point in the same direction.

Re-definition

But Mr. Richardson was careful to emphasise the long-term value of monetary control in checking inflation and to dismiss the notion that there is an immediate connection between fluctuations in the money supply, however defined, and changes in the price level. From such an undogmatic point of view, there are obvious disadvantages in having a monetary growth target for the financial system as a whole, even if the fully realised target is a reasonably broad one.

The rising yen hits Japan

THE JAPANESE have long protested that they are the fragile giant amongst industrial nations. Just how fragile has been underscored by the sharp appreciation over the last two months of the yen which yesterday closed on the Tokyo exchange at a new record against the dollar of Y244.10. In contrast to all the past pleas and admonitions to the Japanese to step up their imports which have flowed like water off a duck's back, the pressure on the currency sparked off by the pointed remarks by Mr. Michael Blumenthal, the U.S. Treasury Secretary, two months ago have pierced Japan's armour at the one point it is vulnerable.

The result has been to deliver the Japanese a sharp blow—but at the expense of causing dislocation and deflation in the economy that at the moment benefits neither the Japanese nor anybody else. The trauma will only be worth while if it leads to a sorting out of the trade problems that now exacerbate relations between Japan and the west.

New measures

In an attempt to minimise the immediate damage the Japanese Government yesterday announced new measures to slow down the inflow of foreign funds. These follow earlier ineffective intervention by the Bank of Japan to steady the rate. The most the authorities can now hope is that the measures will have a limited effect.

More important are the signs that the Americans have stopped "talking up" the yen—the purpose of Mr. Blumenthal's remarks—and the hope Japan is putting in the forthcoming meeting of OECD Working Party 3 to get coordinated action by the major central banks. But the possibility cannot be ruled out that the yen will reach a new ceiling of Y230 to the dollar before the year is out.

There can be no underestimating the damage that the yen's dramatic rise (a 19 per cent revaluation since the to treat it more seriously.

No doubt there was much to be said, given the collapse of confidence in sterling which led to the IMF loan, for setting a target of this kind; no doubt its existence has made a considerable contribution towards the restoration of overseas confidence and the authorities will do their best to hit it.

But monetary policy is not an exact science. Not only are the measures used rough-and-ready, liable to be distorted by a variety of influences ranging from changes in financial habits to purely statistical aberrations, but the economic situation and outlook which monetary policy seeks to affect is itself constantly changing. The main drawback of having a target fixed for the financial year as a whole is that drastic measures may have to be taken in the closing months of the year if one seems to be under or overshooting it. The U.S. system of re-defining monetary targets periodically is preferable, and it is to such a system that we shall probably move in this country after next April.

U.S. experience

But recent U.S. experience suggests that this more flexible system has disadvantages of its own. It so happens that the behaviour of the U.S. money supply this year has been rather difficult to explain while there is a wide range of opinions about the way in which the economy is likely to develop next year. For this reason—especially with the dollar under heavy pressure—the Federal Reserve has found it difficult to revise its monetary targets yet liable to criticism for every movement of the money supply which seems inconsistent with them. Despite attempts to deny the existence of any basic difference of view between the Administration and the Federal Reserve, the former is naturally inclined to attach more importance to its economic growth hopes and the latter to a reduction of inflation and the payments deficit. Monetary policy, as trade unions here may not yet have fully realised, is inevitably a political matter.

HISTORY RARELY is as not accepted as part of the Middle East. Two indications of this uncertainty are enough. On Wednesday night, Mr. Begin speaking on BBC television made much of the Palestine National Charter and the implication in it that Israel does not exist. Secondly, amid the excitement in Israel that Mr. Sadat might really be coming, Lieutenant-General Mordechai Gur, the Israeli Chief of Staff, said that Egypt might only be indulging in a deception on the scale of the 1973 war, when on Yom Kippur, Egyptian and Syrian troops caught Israel's forces unawares.

It is only nine days ago President Sadat was telling his Parliament: "Israel will be astonished when it hears me saying now that I am ready to talk to the Knesset itself and to them." He always has been a skilful political gambler when in a tight spot. But nothing matches this throw, which could be the breakthrough in Arab-Israeli relations—or destroy Arab unity and bring about the downfall of his own regime.

The Israelis were not the only ones to be astonished. The Arabs themselves were stunned into silence. The first to recover were predictably Iraq and Libya and the "rejectionists" among the Palestinian groups. President Assad of Syria, who failed to convince Sadat in Damascus that a visit to Israel was folly, has added his criticism. But significantly, Saudi Arabia, Jordan, and Mr. Yasser Arafat, the leader of the Palestine Liberation Organisation, all kept quiet—and in Arab terms that implies approval.

Grain of truth

Inevitably, there is talk now of Sadat's visit being a deep-seated plot hatched by the U.S. to isolate Egypt from the rest of the Arab world, to ditch the Palestinians, and to get around the problems which seemed likely to prevent the reconvening of a peace conference in Geneva. Invariably, too, there may be a grain of truth in some of these suggestions. President Ceausescu of Romania, whom both President Sadat and Mr. Menachem Begin, the Israeli Prime Minister, have visited, may well have caused the idea of a visit to germinate in President Sadat's mind. Israel had some idea of what was coming, but the timing remained his and his alone. In reaction, Mr. Begin moved from scepticism about what he took to be President Sadat's rhetoric to making the visit a fact.

Does Mr. Sadat's visit mean that Israelis will now trust Arabs, or vice versa? Almost certainly not, for Israelis after four wars with the Arabs and constant guerrilla harassment still feel that the Arab's long-term aim is to make Israel disappear, and that Israel is still

President Sadat makes a gambler's throw

BY ANTHONY McDERMOTT



Mr. Begin, President Sadat and President Assad (from left to right): the fundamental demands remain.

July 1972, and the second, the raising obstacles to negotiations, the main purposes of Mr. Begin basic concessions. The tempt launching of the 1973 war.

The fact is that Sadat had become more desperate than ever for a dramatic gesture. In January, the removal of food subsidies led to riots all over the country, the worst since the days of King Farouk. His political gamble in setting up three unrepresentative parties had strengthened not weakened political opposition. His foreign policy was criticised for the short war this summer with Libya, for his dependence on the U.S. and his hostility to the Soviet Union. Geneva, the re-opening of the year's first conference of Geneva, the strategy looked a forlorn hope at best. In short, he needed something dramatic which still refuses to deal with the

PLO in any form but both. On the Israeli side, the outcome of the disastrous 1967 defeat of General Gur is not the isolation. This would have the effect of destroying the differences between the ranks of the Arabs who did American "comprehensive" sides beyond creating a better atmosphere for the recent meeting of the PLO, which discuss them. When

Americans are apprehensive of this, in many ways, this too—that Jordan might be perilously balanced to follow suit, leaving between setting off a chain reaction. It could lead to Pres. Syria and the PLO in dangerous of Arab-Israeli contacts.

Sadat's overthrow. It would have the effect of destroying the differences between the ranks of the Arabs who did American "comprehensive" sides beyond creating a better atmosphere for the recent meeting of the PLO, which discuss them. When

the journey to Jerusalem this too—that Jordan might be too aggressive for Israeli tastes, not too soft for the Arabs.

In the excitement over President Sadat's visit, it is worth remembering two points. At

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and that Egypt is weaker. While Israel is probably half the three Israeli foes, he would be too strong again. General Gur was disengaged by Mr. Ezer Weizman, the Defence Minister, and Jordan, a Palestinian would sources, which point out that And as recently as Wednesday, Syria explicitly in terms of military strength wants the Palestinian to be a PLO member.

The second point concerns the future of the West Bank, judicially part of King Hussein's Kingdom of Jordan. There is Weizman, the Defence Minister, and that Egypt is weaker. While Israel is probably half the three Israeli foes, he would be too strong again. General Gur was disengaged by Mr. Ezer Weizman, the Defence Minister, and Jordan, a Palestinian would sources, which point out that And as recently as Wednesday, Syria explicitly in terms of military strength wants the Palestinian to be a PLO member.

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MEN AND MATTERS

Going off the rails

Officials in Unity House, headquarters of the National Union of Railwaysmen, were yesterday poring over documentation about the latest phase in a road-rail quarrel involving such disparate elements as Jack Jones, the container traffic to South Africa, some major British companies, the shop stewards in Southampton docks, and an environmental magazine called The Vole.

At the heart of the row are renewed allegations that some leaders of lorry-drivers and dockers in Oxfordshire and told every shipping agent there that unless they agreed to have their containers "stuffed" and "un-stuffed" on the docks, instead of at Didcot, their business would be halted. Minutes of a Labour Party transport sub-committee meeting in September show that Jack Jones, who was present, asked for a memorandum on the dispute to be destroyed. He also denied all knowledge of The Vole, or a certain Ron Mouldsdale, whose account boasted of how Didcot had been "fixed." I can shed a little light for Jack: inquiries in Southampton reveal that Mouldsdale is a leading shop steward there and his brother is a full-time TGWU official. Ron Mouldsdale's shop steward colleague told me yesterday: "We have absolutely no comment on all this. Ron is not here. Ask Jack Jones."

The rail union spokesman, Arnold Edmundson, was also ready to quote chapter and verse about the way Volvo were stopped sending their cars by rail from Grimsby. This month there is a new dispute about forcing cement distribution off the railways in North Wales. But the immediate cause of the future is an extensive report in The Vole about the Didcot Distribution Centre, opened by private enterprise in July 1974, to handle container

traffic from Southampton Docks—and ironically, since the main protagonists are all solid Labour Party men—mainly destined for South Africa. A "delighted" British Rail installed sidings, customs men were drafted in, and the company involved, Howard Teneys Service, prepared for business in a 300,000 square feet warehouse on a 32-acre site. But only one container train has ever entered the Didcot centre in more than three years.

In their own magazine, called The Hook, shop stewards of the Southampton Docks recently recounted proudly how they had gone up to Didcot in Oxfordshire and told every shipping agent there that unless they agreed to have their containers "stuffed" and "un-stuffed" on the docks, instead of at Didcot, their business would be halted. Minutes of a Labour Party transport sub-committee meeting in September show that Jack Jones, who was present, asked for a memorandum on the dispute to be destroyed. He also denied all knowledge of The Vole, or a certain Ron Mouldsdale, whose account boasted of how Didcot had been "fixed." I can shed a little light for Jack: inquiries in Southampton reveal that Mouldsdale is a leading shop steward there and his brother is a full-time TGWU official. Ron Mouldsdale's shop steward colleague told me yesterday: "We have absolutely no comment on all this. Ron is not here. Ask Jack Jones."

He was also not available, but I did speak to Jack Ashwell,

National secretary of the dockers section of the TGWU. He said: "People have put the wrong emphasis on certain things. We did not use any unsuitable methods. As far as we are concerned, it's a closed matter." But over at the NUR, they say: "It looks as though there might be more to come out."

They were attracted by the promise of up to 50 per cent off goods ranging from hunting knives to leather animals. But

Mirror image

Veterans of British Leyland have been organised, disorganised and re-organised so many times in recent years that they tend to view the latest new-broom activism of chairman Michael Edwards with a certain air of weary déjà vu. But yesterday's announcement that the company newspaper

has been abolished in its present form has aroused considerable apprehension on fairly predictable grounds.

The decision to merge the world famous outfitters of

United States President into one main organ was taken

sad episodes in a battle to

avoid bankruptcy brought on by seven years of continuous losses, as demand for the company's lavish and bizarre sporting equipment and clothing steadily slumped.

Since then the publication

has received a number of awards for professional excellence—including this year's Association of Industrial Editors Award.

The latest, and last edition, had a photo of a

crossed sword and shield.

Nothing to complain about

there one would have thought.

Observe

Live where you live, but invest in the Leicester Building Society.

Why the Leicester?

100,000 new accounts have been opened with the Leicester Building Society so far this year.

Why?

Because there's such a good range of investment and savings schemes.

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TICS TO-DAY

BY MALCOLM RUTHERFORD

The Scots fulcrum of British politics

To make a rash It is not therefore that the outcome of the Nats are finished; it is more election—and my that Scottish opinion has not considered judgment is recently been tested in an still too early to make actual campaign. And if the of any kind—it opinion polls are to be any guide at all, it would probably be wiser to take the trend he over the past year or two, or think they rather than the latest results. This is Paris. That shows the three major parties all running around 30 per cent. In a first-past-the-post voting system, it suggests that almost anything could happen.

That said, the main reason, I

concerns a number of conflicts built into the Bills themselves—and here I should admit that I am talking almost entirely about the Scotland Bill. The second lies in the openly stated demands of the Scottish Nationalist MPs for more power. And the third is the lack of a satisfactory, or even agreed, definition of the Scottish question.

The deficiencies in the Scotland Bill are almost all about the competence of the Assembly. It is said, for example, that the Secretary of State shall consider

HOW THE PARTIES ARE POLLING IN SCOTLAND

Party	Now*	Sept. 77	Aug. 77	Section Oct. 74
Conservative	30	32	32	25
Labour	36	31	29	36
SNP	25	28	30	30
Liberal	6	6	5	8
Scottish Labour	2	2	4	—

* Poll conducted between October 24 and November 5.

Source: System Three Poll in Glasgow Herald of Nov. 14.

take it, why the Government every Bill that the Assembly was able to transform a 20-vote passes; if he is of the opinion defeat on the guillotining of the that a Bill is not within the Scotland and Wales Bill last Assembly's legislative competence, he shall either refer and 27 votes respectively on the question to the Judicial Committee of the Privy Council for decision, or, presumably this week was a growing desire, especially among its own supporters, to get the Scottish doubt when there is not the shadow of doubt, he will himself decide not to submit the Bill to Her Majesty in Council for approval.

It is assumed that there the matter will end, and that the Assembly will simply bow to the higher authority. I do not share that assumption.

Indeed there is a great deal of evidence as to why the assumption is false. It comes from the Nationalist MPs. Mr.

It is different.)

There are three main reasons why I do not think that this approach will necessarily work.

Letters to the Editor

of the

IV.

R. Poulden.
wing British Leyland
sider it occurs to me
management has fallen
immobile trap of failing
"sunk cost." When
the profitable
divisions and the loss
ass production side it
the loss-maker in a
apt to make it profit

ments from our own forests. The work of dedicated foresters over the last 50 years in creating efficient "man made" forest, particularly in Scotland and Wales, where our trees grow faster than in Scandinavia, will increase the flow of timber from our own forests by 8 per cent per annum. We have 11m. acres classified as land marginal for agriculture. With some co-operation from our farming friends a further 2m. acres could be planted without affecting agricultural production, thus adding to our self-sufficiency in the next century. Unlike North Sea oil, a depleting asset, forests are a renewable growth asset which could well give us from being subject to commercial blackmail as world oil and wood resources run out to meet demands in years to come.

Will Government now reverse the disastrous decline in U.K. planting and encourage the efficient harvesting of those forests now coming into production by extending regional investment grants, which are offered to most other industries, to forestry?

D. J. Cooper,
Forest Thinning;
Evelyn House,
20, Turk Street, Alton,
Hants.

Potential immigrants

From Mr. P. Denham, lecturer, East Devon College of Further Education.

Sir—Regarding the European Parliament, Mr. B. A. Lewis (November 14) is quite right to suggest that "they are saying that Germans, Frenchmen, Italians and the rest are not to be trusted with the future of the U.K." When one considers the real possibility of a Communist Government in France, Italy or any of the future recruits including Portugal etc., is it any wonder that some of us are suspicious? It is paradoxical that Germany holds the "European vision" for not dissimilar reasons albeit from a different approach—Germany does not wish to be isolated between two Communist blocs.

It seems to me that the one thing that the argument over the European Parliament will achieve is that it will put the whole European question into perspective, namely that it is essentially a debate about politics and not economics.

David James,
5, Kibworth Close,
Wellingborough,
Northamptonshire.

Politics, not economics

From Mr. D. James.

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David James.

5, Kibworth Close,

Wellingborough,

Northamptonshire.

Property values

From Mr. M. Sheehan.

Sir—The article by Christine

Moir on property (November 12)

was somewhat misleading and

selective. She took the most

unstable period from 1973 to date

to attempt to prove the volatility

of property shares. Of course

they were volatile at a time when

sterling devalued by 40 per cent

and MLR reached the astro-

nomic 15 per cent (not to

mention the oil crisis).

To get a true picture of the

property market the static

period between 1960 and 1973

should be taken as the norm.

I would refer her to the second

report from the IIS Research

Centre which shows that while

equities produced returns of

between 5 per cent and 18 per

cent, investment in City of

London Properties produced

returns varying from 31 per cent

to 35 per cent. Arising out of

this IIS advised institutions of

the lines that "new money

should now be devoted to an

increasing involvement in the

property market."

The United Kingdom is again

been far from

the fact that timber,

ulp board and paper

bills are the largest import, now

difficulties facing the

industry, U.K. manufacturers,

waste products, waste

hazardous materials, and pulp

and paper mills.

Your correspondence

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COMPANY NEWS + COMMENT

Associates lift Redland at half time

IN A DIFFICULT period Redland, suppliers of raw materials and finished products to the construction industry, managed to raise group pre-tax profits by 7.3 per cent. to £17.8m. in the 26 weeks ended September 24, 1977. The increase stemmed mainly from overseas associates—those in Australia and Europe improved their performance—with the group's share of profits rising by 30.7 per cent. to £4.3m.

An overall background of falling orders for new constructions and declining housing starts in the U.K. together with a static house-building situation in West Germany, the chairman warned last August that overall he did not hold out much hope of any significant advance in earnings in the current year.

Profits of the group in the U.K. were marginally better at £7.81m. and in Australia after a little higher at £5.72m. (£5.02m.). Profits of the overseas subsidiaries were unchanged at £5.72m.—total overseas sales increased from £37.21m. to £68.37m.

Exports from the U.K. in the half-year totalled £44.3m., against £35.1m. in the first half of 1976 and with £0.91m. for the whole of that year.

At the net attributable level profits showed an increase of 5.2 per cent. to £7.03m. while earnings per 25p share are shown at 7.7p against 7.37p.

To reduce disparity between profit and tax, the directors have lifted from £1.739m. to £2.08m. net, so that the total for 1976-77 was £3.784p paid from profits of £34.2m.

Comment

Redland's first half figures were a little better than market expectations, thanks to a strong performance from associate companies, where net profits rose 30 per cent. Some 70 per cent. of that improvement was accounted for by a continuing strong performance from Concrete Indus-

INDEX TO COMPANY HIGHLIGHTS

Company	Page	Col.	Company	Page	Col.
Aldis Pkgs.	23	3	Intl. Paint	24	3
Amber Industrial	22	7	Linread	22	3
Beecham	23	1	London & Provincial	24	4
Bellway	24	6	Martonair	24	3
Berner (Leon)	24	4	Mercury	22	3
Billam (I.)	24	7	Nat. Carbonising	24	1
Black Arrow	24	5	Northern American	23	2
Braby Leslie	22	5	Ocean Wilsons	22	4
B. & C. Shipping	22	7	P'rnouth & Sland	23	2
Bulmer & Lamb	22	2	R. Dutch Shell	23	4
Caledonia Inv. Tst.	24	5	Redland	22	1
Cockedge	23	1	Scottish Merc.	24	8
Cumulus Inv. Tst.	24	5	Supra Inv.	23	4
Davis (Godfrey)	22	1	Town Centre Prop.	24	6
Fisons	22	7	Valor	24	3
Held Bros.	24	8	Viewforth LT.	23	1
Hinton (Amos)	24	7	Viners	24	4
Hoare Govett	24	6	Witan Inv. Tst.	23	5

of strikes and other forms of industrial disruption among its major customers, particularly the motor industry.

On the aircraft side the more involved manufacturing cycle means that the main effect of any improvement will not show through until the second half.

Overseas the improving trend in Canada and the excellent German performance of last year are expected to continue. But while the current dislocated conditions persist in the U.K. it is not possible to make a reliable forecast for the outcome either for the first half or for the full year.

Taxable profit of Linread in the year to July 30 was £16.600 compared with a £33,000 loss previously, and was after charging a £286,000 loss on Australian operations. A terminal loss of £86,787 for Linread Australia was shown as an extraordinary item. The company is now dormant with all tangible assets, apart from land and industrial freehold sold with all external liabilities discharged.

In the year all U.K. units except those in Scotland, division improved their performance as the year progressed, and were more profitable in the final six months.

The CGA profit statement included, with accounts shows the historic cost pre-tax profit reduced by a £46,000 cost of sales adjustment. £6.000 in additional depreciation and an increase in the Australian loss to £37,000. After minorities and extraordinary credits a £1.5m. holding gain and monetary gains adjust gains leaves the overall surplus for the year at £687,000 against a £207,000 loss.

Meeting, Birmingham, December 9 at noon.

Increase in orders at Linread

Progress by Ocean Wilsons

DESPITE turnover showing little change at £17.2m. Ocean Wilsons (Holdings) increased pre-tax profits from £2.29m. to £2.5m. in the six months to July 31, 1977.

The interim dividend is effectively held at 1p from earnings per 20p share of 7.29p (6.23p) on increased capital. Last year's final dividend was equivalent to 15p on profits of £2.8m.

Linread is well able to take advantage of this, particularly in providing a rapid increase to the extremely short order lead times which are the general rule.

He says that with the closing down of the Australian operation now complete a major worry has been removed and all operating units are in sound shape.

On the orders position Mr. Lynn says the effect on sales for the commercial products division has been well below expectations so far, owing to the effects

of a fall in oil prices.

Turnover for the six months to July 31, 1977, was £17.2m. up 1.2 per cent. on the same period last year.

Net profit was £2.5m. up 12.5 per cent. on £2.29m. in the previous year.

Dividends are 15p on profits of £2.8m. up 12.5 per cent. on £2.29m. in the previous year.

Comment

It has been clear for some time that trading conditions were in Godfrey Davis's favour and a first half profits increase of 80 per cent. was nothing but a continuation of that trend. The company has given a strong boost to the rental side and the utilisation factor was around 80 per cent. above which the company could find itself turning away good customers. Furthermore, the high unit cost of motor vehicles has encouraged customers to move into leasing, where along with rental, GM is able to take advantage of the fuel reduction now being offered.

Caravan sales remained sluggish and this trend is expected to continue until there is some general improvement in disposable income.

After tax of £1.739m. (£5.02m.) and minorities share of losses of £3.700m. (£7.000m.) available profit is up from £5.000m. to £1.75m. Earnings per share are up at 8.0p against 4.0p and the dividend has been boosted from 0.75p per 25p share to 0.77p. Last year a £0.2273p final was paid, and directors expect to lift this to the maximum permitted amount this year.

An unaudited balance sheet shows a decline in net current assets from £1.03m. to £1.00m. in this six months. Stocks fell to a different story in the second half; there will be less expense disposals while the comparable period last year was cut by £1.00m. Nevertheless about 35m. pre-tax looks the likely outcome giving a n/e of 5.6 or 27 on a nil tax charge while at 7.87p the yield is 8.5 per cent.

Mercury Securities declines

MAINLY DUE to lower profitability of its metal subsidiaries, group profit at Mercury Securities in the six months to the end of September 1977, was down on the level achieved in the previous financial year.

For the whole of 1976-77 profit after tax was a record £11.71m. including £7.95m. by merchant bankers S. G. Warburg and Co. and £1.90m. by the metal trading and refining companies.

Inchcape back with higher terms

By Keith Lewis It has taken less than twenty four hours for Inchcape to hit back with an increased offer worth £14.4m. for Crane Fruehauf in relation to the latest bid from Fruehauf Corporation of the U.S.

Crane shareholders faced with the sixth bid within a year—a record offer from Inchcape—and now a second from the company, in line with other Ford main dealers, has been having one of its best years following the introduction of successful new lines. However, it is likely

that the company will be able to meet the challenge of the latest bid.

For the whole of 1976-77 profit after tax was a record £11.71m. including £7.95m. by merchant bankers S. G. Warburg and Co. and £1.90m. by the metal trading and refining companies.

Reasonable profits for J & J Makin

Despite some branches still experiencing very competitive conditions, overall profits of J. and J. Makin Paper Mills for the first half of the current year should be reasonable, Mr. J. R. M. Pilling, chairman, says in his statement with accounts.

Profits are expected to be well in excess of £6.45m. up below the £6.32m. recorded last year, but the £6.32m. will be maintained for the first half of the current year.

Mr. Pilling says the second half of the current year has also started satisfactorily. Pulp prices have recently been reduced and this could be helpful to its paper-making activities as long as paper prices do not come under similar pressure.

Meeting, Rochdale, December 12 at 2.30 p.m.

Comment

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Mr. Bob Wilkins, chairman of the Beecham Group, who announces an 8.5% rise in first half profits.

Financial Times Friday November 18 1977

B & C Shipping tops £11m. so far

WITH REVENUE £15.3m. higher at £17.5m. pre-tax profit of British and Commonwealth Shipping Company rose £1.45m. and earnings per share from 4p to 4.25p per 50p share in the six months ended June 30, 1977.

All operating areas except shipping contributed better results. The shipping operating profit declined from £3.86m. to £3.32m., while the leisure industry with a turnaround from an £882,000 loss to a £36,000 operating profit showed the greatest improvement. But directors do not expect leisure results to be maintained in the closing half because of the seasonal nature of its hotel business.

Half year results show a 10.7% rise in turnover from £17.8m. to £19.3m. Pre-tax profit before taxation was £1.45m. and after tax and minority interests £1.25m.

Operating profit rose from £3.86m. to £3.32m. and after tax and minority interests £1.25m. Net profit increased by 10.7% to £1.25m.

Dividends per share were £0.125m. up from 25p to 28p. The result at 28p compares with 25p in the six months to September 30, 1976.

Accounts for the full year will reflect an accounting change regarding associates stemming from the increase from a 7.6% per cent. holding in Overseas Containers to a 20% per cent. stake. This is a result of the containerisation of the South African trade and the increase in shareholding is from the 7.6% per cent. held by Ambac.

If the current level of 28p is maintained, they say, the increase will be offset by Ambac's industrial aerosols subsidiary, more than offset by slow engineering subsidiary.

Until now, only dividends received or declared in the periods have been brought to account, but now that a major part of shipping activity will be represented by an increased share of OCL profits, the attributable results of the main associates will be included in the group profit and loss account. South African Marine Corporation however is not regarded as an associate.

After tax of £1.45m. (£5.02m.) net profit of B. and C. Shipping

See Lex Page 23

Fisons sales prospects

An advance in sales of between 2 and 3% per cent. over last year's £25.8m. is expected by Fisons in 1978, Mr. R. Bond, chief executive, told a Press conference in London yesterday.

He said that UK analysts forecast a slight increase in pre-tax profit for the year over the record £18.64m. achieved last time but little growth in earnings per share.

Commenting on the outlook Mr. Bond said the group earned nothing from its fertiliser operations in the first half, which normally amounts for two-thirds of the group's earnings.

Fisons' competitor ICI can produce ammonia from North Sea natural gas costing only 2p per therm, against ruling world market prices of 10p to 14p. Fisons obtains about half its needs from ICI

Heecham expands to 70.6m. at six months

GFOR the first time the recently acquired number Products business U.S. and Canada, tax-free Beecham Group from a restated £59.91m. for the six months to last year, when revenue before tax of 70.6m. a record £126.5m. is recorded.

ales for the half year £8.6m. to £49.9m. and of £22.6m. (£26.6m.) net are ahead from £22.6m.

per 25p share are 25.25p (£22.34p) and as the interim dividend is £2.87p (£2.85p) net.

revenue totalled £3.456m.

at the gross level was forecast

the August con-

ference issue.

Half year net profit £1.15m. (£1.15m.)

Rexco back in the black

A TURNROUND from a loss of £239,000 to a profit of £22,000 is reported by National Carbonising Company, the Rexco smokeless fuel group, for the six months ended September 30, 1977. After all charges and taking in extraordinary credits of £189,000 against £70,000 the attributable profit balance comes through at £104,000 against a deficit of £40,000.

Mr. Michael Gaze, chairman, reports that the smokeless fuel activity, comprising NCC Rexco and Scottish Rexco, whose seasonal business normally results in trading losses during the summer months has broken even before taking credit for a change in the basis of depreciation for the Snibston carbonising plant.

Demand for smokeless fuel has been slightly higher on the domestic market this year, principally due to the abnormally low stocks held by customers at the beginning of the financial year. On the export market, however, demand has been markedly reduced because of the continued depressed state of the world steel industry.

Nevertheless, the chairman explains that greater efficiency in production and reduced overheads have enabled this division to regain profitability.

The engineering division, which includes for the first time the Automatic Oil Tools companies, has shown a substantial increase in trading profits. This division is firmly establishing its name in the oil-producing countries of the world and looks forward to a good future.

The commercial vehicles division has increased its turnover and trading profit by over 75 per cent. Both could have been higher were it not for the continued difficulties experienced in obtaining vehicles and parts from its principal manufacturers says Mr. Gaze.

After recent dispensals the transport division is of less significance to the group. New management is improving the profitability of contracts and increasing operating efficiency.

L & P Shop development

The directors of London and Provincial Shop Centres (Holdings) say that the company has embarked upon a major development programme, including the construction of three office and shop projects at an estimated cost of £4.4m. The fall in interest rates and a strong demand by institutions for first class property investments has enabled them to take on these programmes and they intend to continue with the policy of creating shop and office investment, their state.

Development outgoings for the year under review remained substantial, due to the size of the development programme, but these outgoings were largely covered as a result of the increase in rental income from £8.81m. to £1.03m. and the fall in interest rates in the latter half of the year. If interest rates stabilise at the present levels, development outgoings arising from the programme in progress should be entirely covered by the income from completed properties.

Profits of the company, which rose from £226,014 to £437,168 in the year to June 24, 1977, are solely derived from rental income and the directors estimate that the annual rental income will be increased by £60,000 progressively over the next ten years from rent reviews, based on current rental values, of £104,000.

Statement Page 27

ALD	
POLYTHENE PACKAGING MANUFACTURERS & PLASTIC REPROCESSORS	
INTERIM REPORT (unaudited)	
Six months to 30.9.77	Six months to 30.9.76
E	E
GROUP SALES	4,644,734
PROFIT BEFORE TAXATION	337,226
DIVIDEND PER SHARE (NET)	2.2p
2.0p	

Points from the Chairman's Interim Statement:

- * Improvement in markets expected in 1978.
- * Capital expenditure on plant amounted to £350,000 in half year.
- * Opportunities to broaden product base being investigated.
- * No corporation tax payable in the foreseeable future.
- * Dividend increase of 10% payable on 4 January 1978.



THE LONG-TERM CREDIT BANK OF JAPAN, LTD.

Negotiable Floating Rate U.S. Dollar Certificates of Deposit

Maturity Date 18th November 1980

In accordance with the provisions of the Certificates of Deposit notice is hereby given that for the initial six month interest period from 18th November 1977 to 18th May 1978 the Certificates will carry an Interest Rate of seven and eleven-sixteenths, per cent. (7 11/16%) per annum.

Agent Bank
Manufacturers Hanover Limited

Valor doubles to £0.5m.— sees sustained growth

Referring to the Snibston plant, which is described as the most modern in Europe, the chairman says that its life has been extended from seven to 14 years to correspond with those of the company's other carbonising plants. It was fixed at seven years when built in 1971 because it was expected at that time that its feedstock from a nearby colliery would last only seven years. These circumstances no longer satisfied the Board's new standards of continued supply.

HELPED BY increasing throughput at its Liverpool and Birmingham factories arising from a long-term policy of investment in new product development, heating and cooling appliance makers Valor more than doubled taxable earnings from £232,217 to £522,873 for the 26 weeks to September 30, 1977. Sales climbed to £18.45m. against £14.64m. for the first 26 weeks of 1976-77.

The outcome for the full year will be influenced by the nature of the coming winter but Mr. Michael Montague, the chairman, believes that the present trend will be maintained. For the whole of last year profit was £1.07m., well below the record £2.65m. achieved in 1973-74.

Penetration of overseas markets continues to gather pace and the recent strengthening of the group's export sales team should enable further progress. Mr. Montague says. In volume terms first half exports were 25 per cent. ahead but the future foreign exchange rate could affect export performance.

Re-organisation at the Rainhill factory, Liverpool, is now complete with trading losses arrested and new product lines being introduced, he says.

Stated earnings per 25p share were £1.29m. (1.01m. basic) or 3.08p (1.53p) fully diluted. The net interim dividend is raised to 70.2p (0.638p). The final last time was 1.248p.

New gas fires, gas cookers and a commercial cooker, have gained good market acceptance and a number of other new product line launches are planned before the end of the trading year.

26 wks. 1977 1976.

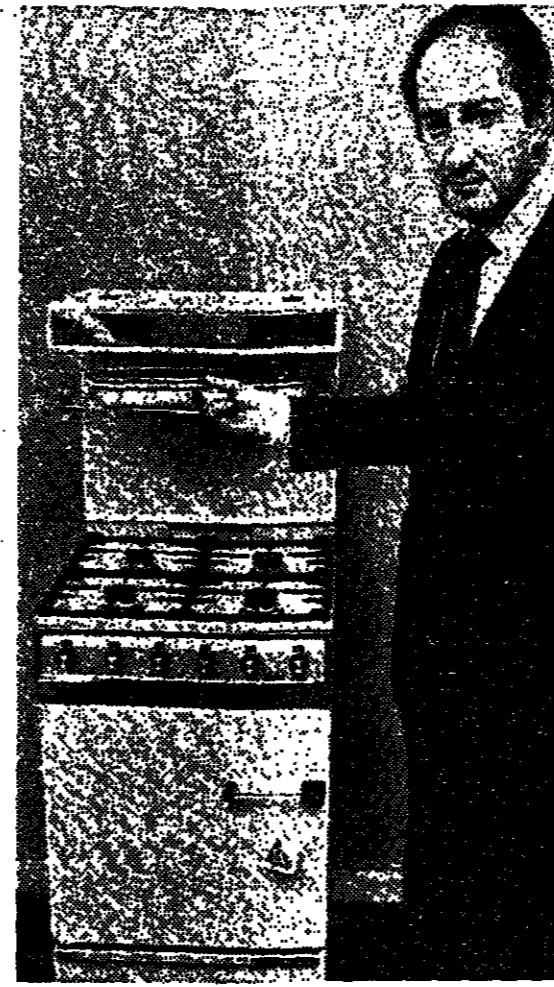
Sales	£13,421,141	£12,884,948
Trading profit	£21,197	£27,791
Investment income	—	—
Pre-tax profit	£728	£259,707
Net profit	£18,198	£13,262
Ordinary dividend	70.215	63.825
Preference dividend	47.68	47.465

After allowing for a reduction in depreciation of £100,000 in one plant, loss

includes exports £1.38m. (£1.17m.

including VAT taken at 15% from

Mr. Michael Montague, chairman of Valor.



Trevor Humphries

in the home market have been fully justified and there are indications to suggest that the size of the unit heater market has expanded by more than 50 per cent. in the last two years.

Sales generally on the home market have been satisfactory.

British Gas Corporations advertising of fires and the extensive advertising campaign by Valor for mobile heaters should see benefits at the retail end as the cold weather develops, the chairman says.

One particular new model, the Nevada-de-luxe, a balanced flue gas convector heater which was introduced into production two months ago, had met with exceptional response.

The decision to enter the unit

heater market has been fully justified and there are indications to suggest that the size of the unit heater market has expanded by more than 50 per cent. in the last two years.

Helped by exports and a new product range, Valor's first half profits more than doubled at the half-way stage. The company is clearly benefiting from the demand for low-cost fuel appliances and both the new Nevada convector heater and the Gas Glo cabinet heater—fuelled by Valor Gas—are doing well. Exports have gained in importance (up from 10 to 15 per cent. of sales), mainly in areas where living standards are rising; there has been

an increase in the first half was more likely due to the expensive advertising campaigns by British Gas and Valor rather than any solid upturn in demand for consumer durables, a factor which will continue to hold down margins. But a cold winter could improve the trading climate.

Meanwhile the likely outcome for the year is about £21.5m.—a 40 per cent. increase while the prospective yield is 8 per cent. at 30p.

© comment

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The company is continuing to make progress in France and is expecting contributions this year from the companies there, he adds.

In view of the recent debate on the future of the U.K. cutlery industry the directors have felt it desirable to issue a statement of their own position.

They state: that Viners is committed to its configuration of manufacturing at its Sheffield factory where it employs approximately 600 people.

The statement points out that over the past three years Viners has invested more than £1m. in its Sheffield factory including the costs of an automatic silver plating plant, presses and polishing equipment and a digital computer.

Earnings per 10p share are shown to be up from 0.54p to 0.58p while the net interim dividend is maintained at 0.55p net.

Last year's total was 2.125p paid on a depressed profit of £248,500. Net assets of £2,005,000 (£2,000,000) and minorities of £17,000 (£20,000) attributable profit is £17,000 higher at £38,000.

In his annual statement on June 30, 1977 Mr. Viner said the directors looked forward to an improvement during the current year but an early recovery could not be expected in the U.K. market in the prevailing uncertain economic conditions.

He now states that the downward trend in the retail trade, particularly in the first six months of the year and affected sales materially.

Although the Board took drastic steps to reduce expenditure and stocks, the results of their actions were not evident immediately and in consequence profits fell.

The overseas subsidiaries, with

the exception of the Irish company, traded satisfactorily though the continuing recession in Australia and the recent prolonged power strike, which seriously affected production, have diminished prospects there for the second half of the year.

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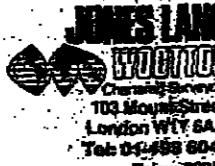
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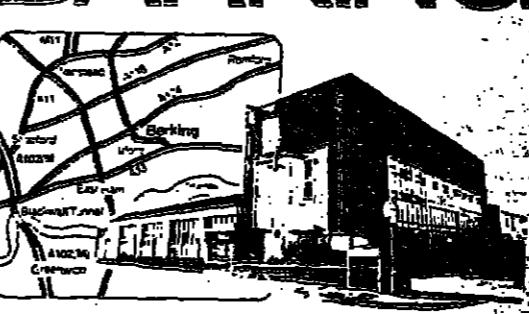
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STOCK EXCHANGE REPORT

Gilt-edged unsettled by fresh currency uncertainties

Beecham statement trims index fall to 3.3 at 481.0

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* New time "dealings may take place from 9.30 a.m. two business days earlier.

Stock markets were still very uncertain yesterday with the present over-riding worries about the outcome of the current round being added to by reports that wage settlements are already above the guidelines and are likely to meet increasing pressure in coming months. Hopes of an early breakthrough in the firemen's dispute were unfilled and a weaker Gilt-edged market on yesterday's gyrations in currency markets put paid to any expectations of a rally in equities after the recent weak spell.

However, after the run of poor trading reports from leading companies, the interim statement from Beecham steadied equities yesterday and prices of the leaders at the close showed only narrow irregular movements for the most part. Up 1.7 at 30 a.m., the FT 30-share index fell away for a net loss of 4.6 at noon in the continued absence of buyers and closed 3.3 down at 481.0.

British Funds, already due, came on offer in the late trade and ended with falls to 13, sentiment being undermined by some sizeable gains in long-dated stocks ahead of the strike date, in the new long-lap and on some concern about the latest banking figures due for publication today. The Government Securities index, which had rallied 2.0 over the previous eight trading days, shed 0.6 to 76.98.

Overall trade was again pitifully small as seen in official markings of 4,232—only slightly above Wednesday's 4,272 which was the lowest total for about five months. The rises/falls ratio in FT quoted equities narrowed to 5.4 compared with the previous day's 3.1, with many of the firm features resulting from company trading statements or the more speculative counters. The FT Actuaries three main indices all eased slightly, the All-share to 209.98.

Gilt on offer

British Funds lost ground on a broad front yesterday. Unsettled at the start by the indications that recent wage settlements have exceeded the Government's 10 per cent guidelines and, with the market becoming a little nervous in front of the money supply figures, prices soon began to move lower. In the event the money supply figures had little apparent impact but losses in the longs a two-day decline of 20. Elsewhere, Stockland eased conditions on the foreign exchange markets contributed to yesterday's issue concerning

the prevailing uncertainty, as did doublets ahead of the latest bank lending figures, while the late afternoon announcement that firemen's dispute remained unresolved also adversely affected sentiment. Losses in the shorts fell to half a point the top, Treasury 81 per cent, 1882, reflecting that amount 1.97, in contrast. Corporations recorded fresh gains of 1, while in recently-issued Fixed Interest stocks, Industrial and Commercial Finance 11 per cent, 1988, improved 1 to 302.

Trading in the investment currency market was mostly small and fairly routine for much of the day and the premium slipped lower to 961 per cent. However, business was enlivened in the late afternoon on institutional demand and the rate moved 1 up to 961 per cent, before settling a net 1 up to 961 per cent; yesterday's SE conversion factor was 0.7232.

Distillers good

Distilleries had a busy session, interest being enlivened by news of the takeover by Seagram for of the takeover bid from Seagram for Glenlivet; following the previous day's jump of 113p, the latter improved further to 450p before falling 20 pence on balance 1.7 at 35p. Rowlands hardened a penny to 33p; the interim results are due November 29.

Fisons made progress in Chemicals, closing 8 higher at 385p with sentiment buoyed by a chief executive's remarks that the group's sales for 1977 should rise 12 per cent over the previous year. International Paint hardened 3 to 63p following the early-to-late gains of 35p, followed by a premium of 2 to 35p. ICI Investments, 2 to 35p on Seanurian's proposed terms. Highland 215p, and Macdonald Martin 230p, put on 40 pence. A. Bell improved 6 to 300p as did Tomatis to 33p. By way of contrast, Breweries were generally slightly easier. Following the results, Morland, at 325p, lost the previous day's rise 35p. Whitbread, formerly CCH Investments, 2 to 35p on Seanurian's proposed terms. Highland 7 to 109p, while Macallan, 215p, and Macdonald Martin 230p, put on 40 pence. A. Bell improved 6 to 300p as did Tomatis to 33p.

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GEC dull

GEC, a weak performer among leading Electricals of late, met with fresh nervous offerings and fell 7 to 248p, the interim figures were announced on December 8 last year. Further consideration of the disappointing annual results left Midland 4 lower at 165p for two-day fall of 22.

Elsewhere, Stockland put on 14

pence.

Leading Stores continued to drift lower on small selling and lack of support. W. H. Smith

Securities, a substantial shareholder of L. and G. rose 8 to 32p in sympathy. Queen's Moat recovered with a rise of 21 to 25p, while further consideration of the interim statement left Warner

Holidays 2 to 18p at 24p.

Vickers were dull again, easing 2 to 18p for a decline on the week so far of 17. Other Engineering majors drifted lower apart

from John Brown which touched 235p before closing 3 better at 234p. Elsewhere, APV added 3 to 215p following Press comment and Leon Berner hardened a penny to 18p on the satisfactory results in Shipbuilding.

Leslie, 37p, and Black Arrow,

5.56, 5.54, 5.51, 5.48, 5.38, 5.3

Wharf rose afresh to 186p on speculative support before profit-taking left the price unaltered on balance at 185p. Good trading statements left gains of a penny or two in Valor, 40p, J. W. Spear, 230p, Amber Industrial, 16p, Elgar, 37p, and Black Arrow,

5.56, 5.54, 5.51, 5.48, 5.38, 5.3

to 262 despite the increased dividend and earnings. Financials had features in Scottish and Mercantile, A, 6 up at 12p following the results, and Fashion and General, 13 to the good at 164p in front of to-day's interim report.

Purness Withy, being an erratic market in Shipping, 29p, Bid hopped helped a gain of 2 to 57p in Associated Leisure, 20p, on balance at 35p following an active trade, while British and Commonwealth were also briskly traded and closed 10 higher at 260p after the interim figures. John L. Jacobs' review with a rise of 2 to 35p.

Among Overseas Traders, Gill and Davies and S. and W. Morris put on 10 pence at 237p and 263p respectively.

In Textiles, Lester moved up 3 to 35p following the full report.

In South African Industrials, Great Western A, 10 to 10p, Ohai continued to climb in Plantations, rising 23 to 150p for a two-day gain of 23 up on sharply increased earnings.

Steadier Golds

South African gold shares re-

acted

the

uncertainty of the

million

and the

Gold Mines Index

recorded its first advance of the week when it went up 1.7 to 181.1. But business was not extensive.

Prices were given a slight boost at the start by the closing of some small year positions. There was also some interest in gold futures, particularly in the bullion market which closed at \$15,735 an ounce after rising 25 cents.

Gains were generally confined to a few pence but extended to more than 25p among the heavily priced issues, led by President Brand which went 32 higher to 212. Vaal Reefs gained 4 to 214. West African 10 to 217. Gold Prince 20 to 405p.

South African Financials were a slack market but Sibanye harder where changed with Anglo-American 4 higher at 233p and De Beers 2 harder at 250p.

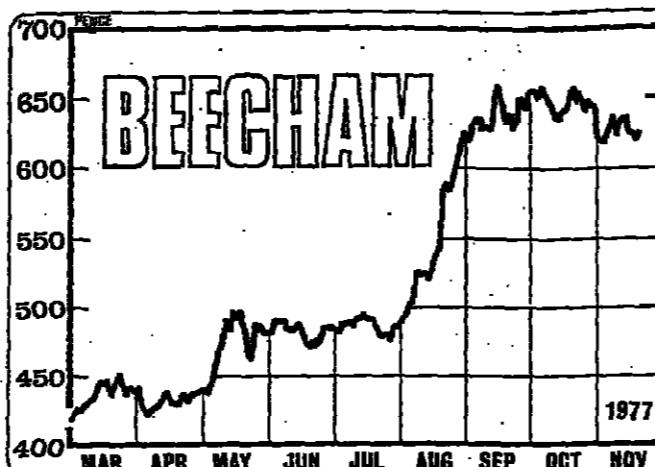
London Financials were again a drab market. The premium on Consolidated Gold Fields, new shares eased 1 to 10p, while the old shares were 1 softer at 105p.

After the fury of speculative activity on Wednesday, African Minerals came back 10 to 10p.

London Commodity houses for the third day running, with domestic demand adding another 7 to the price at 145p.

Australians were subdued but the firming of the dollar premium during the day kept falls to a few pence, although the domestic markets were uncertain overnight. Peko-Wallace were 10 lower at 135p, but the iron ore miners began to recover after their recent dalliance and Hammerite were 4 higher at 138p.

Minerals eased to 106p in front of the annual results among idle Coppers.



worth 72p share from Dunham Mount came after the market close. Mixescrete added 3 at 39p and Hoveringham R/V gained 4 at 35p. Rowlands hardened a penny to 33p; the interim results are due November 29.

Associated Dairies remained a dull market in Foods, losing 10 at 235p for a two-day loss of 52. Hillards eased 3 further to 263p, while William Morrison, 216p, and J. Sainsbury, 192p, both closed 6 cheaper. J. Lyons gave up 3 at 111p following news of the planned disposal of an Amsterdam hotel. Amos Hilton provided a bright contrast at 96p up 6, after 105p, on the substantially increased first-half profits. Some of the shares were seen in Barrow Mills, 85p, and Bowtreee Machinists, 405p, while J. B. Eastwood hardened 3 to 104p.

Leisure and General featured leading Hotels and Cafeterias with a jump of 20 to 66p following the 60p share cash offer from Ladbrokes. F. W. Thorpe added 4 at 37p.

Leading Stores continued to drift lower on small selling and lack of support. W. H. Smith Securites, a substantial shareholder of L. and G. rose 8 to 32p in sympathy. Queen's Moat recovered with a rise of 21 to 25p, while further consideration of the interim statement left Warner

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Elsewhere, Wedgwood, 2 to 148p, was 20p up in front of to-day's interim statement, while Cammell eased a like amount

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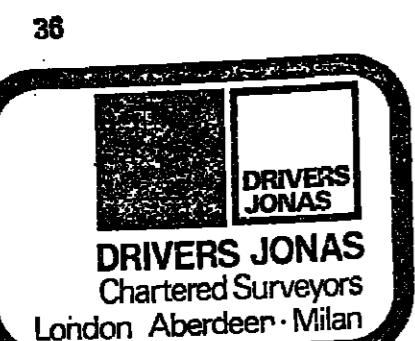
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FT SHARE INFORMATION SERVICE

AMERICANS—Continued
BUILDING INDUSTRY—Cont.
DRAPERY AND STORES—Cont.
ENGINEERING—Continued
**INDUSTRIALS
(Misc.)**
****BRITISH FUNDS**

"Shorts" (Lives up to Five Years)

High Low Stock Yield Div. Red.

100% 94% Transport 72.77 100c

101% 95% Treasury Spe 105.75 100c

104% 97% Treasury Spe 105.75 100c

105% 97% Treasury Spe 105.75 100c

98% 84% Treasury Spe 105.75 100c

98% 85% Electric 74.75 100c

97% 82% Electric 75.75 100c

107% 92% Treasury Spe 105.75 100c

103% 80% Treasury Spe 105.75 100c

96% 73% Treasury Spe 76.75 100c

112% 92% Exchequer Inv. 1950/51 100c

108% 92% Treasury 111/12 100c

94% 72% Treasury 111/12 100c

103% 92% Exchequer Inv. 1950/51 100c

93% 71% Treasury 111/12 100c

115% 92% Treasury Variable 100c

97% 71% Treasury 111/12 100c

102% 92% Exchequer Inv. 1950/51 100c

92% 72% Exch Inv. 1950/51 100c

105% 82% Treasury 105.75 100c

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FINANCIAL TIMES

Friday November 18 1977



Search to find new NEDO chief goes on

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A DISAGREEMENT among politicians, civil servants and union leaders over whether the next director-general of the National Economic Development Office should be a civil servant or an industrialist has seriously delayed the appointment of a successor to Sir Ronald McIntosh who gives up the job next month.

If a civil servant were to be appointed, a strong contender is Mr. Bob Goldsmith, former Department of Trade junior civil servant, who has just finished a tour of duty as deputy head of the British EEC mission in Brussels. He met some TUC leaders a few days ago to discuss the job.

But the TUC, backed by the Prime Minister, has made it clear that they would prefer to have an industrialist. This is partly because Sir Ronald and his predecessor came from the civil service.

If that view holds, Mr. Goldsmith, who is 53, is expected to take up the post for which he had previously been tipped as the Department of Industry's deputy secretary in charge of

regional development and small businesses.

However, neither the TUC nor the Government have yet found an industrialist prepared to take on the £18,675-a-year job, even though they have been hunting in Washington and an executive since June when Sir Ronald first told the Prime Minister he director of the International Monetary Fund.

Mr. Lippitt is not regarded in Whitehall as a likely runner and it has also been assumed that Mr. Ryrie, who is due in the U.K. this weekend for the IMF visit, would stay in Washington till the end of next year.

The only industrialist's name to surface as a possibility is Mr. Ray Pennock, a deputy chairman of ICI and chairman of one of the CBI's economic committees.

Rumours concerning him were reported last week when one of his fellow deputy chairmen, Mr. Maurice Houghton, was named as ICI's next chairman.

Mr. Pennock has made it clear to those involved that he has no interest in taking the post. A similarly categoric rejection has come from the most senior civil servant whose name has been due to be presented to the mentioned. Sir Peter Carey, the NEDO early in February.

Labour row over whip on Europe poll issue

By Richard Evans, Lobby Editor

MR. JAMES CALLAGHAN, Prime Minister, and the Cabinet have decided to push Labour anti-Marketeers as far as they dare by imposing a whip for the second reading next Thursday of the Bill implementing direct elections to the European Parliament.

An angry row broke out in the Parliamentary Labour Party last night when Left-wing MPs learned that instead of the free vote they had expected the Government was determined to maximise Labour support for the legislation.

The decision was reached by the Cabinet yesterday because of Liberal pressure on the Government to legislate on direct elections as quickly as possible preferably including a regional list system of proportional representation.

But as the Cabinet also confirmed yesterday that a free vote will be allowed on the method of election and there will be no whipping, the Liberals may not be satisfied with the extent of the Government's commitment.

Abstentions

The two-line whip to be imposed for the second reading means that all Labour Ministers and MPs will be expected to vote for the Bill, but that abstention will be possible on the grounds of conscience and known fierce opposition to the principle of the Bill. What will not be acceptable will be a vote against the legislation.

The major question will be the decision reached by the six Cabinet Ministers who voted against the second reading of the direct elections Bill last July when there was a free vote. The legislation then fell because of lack of time.

The second reading of the Bill is assured because of overwhelming support from Conservatives who have imposed a three-line whip.

Principle

The row in the PLP was led by Mr. Eric Eefer, MP for Walton, who demanded to know why there was a two-line whip when the Party conference had voted against the principle of direct elections. Mr. Eefer said the Cabinet realised there were strong feelings in the Party and account would be taken of these. If there was a strong conscientious objection to the legislation then the right approach would be to abstain, he declared.

Continued from Page 1

Seamen

out the industry, as many workers already receive more than minimum rates.

Pauline Clark writes: The BBC announced yesterday it was to implement a pay offer made to its 25,000 weekly and monthly paid staff four weeks ago but which has been rejected by the unions.

The Corporation said it was implementing its offer of an increase in basic rates by between 10.9 and 15 per cent, because it believed it "important to pay these increases before Christmas and that this is the wish of the majority of the staff."

The increase, which adds "not more than" £11m. to the annual pay bill of £110m., has been criticised by the Association of Broadcasting Staff for discriminating against staff working non-standard hours.

M3 growth goes above target

By Michael Blanden

FOR THE first time this year the growth of the money supply has moved above the top end of the Government's target range, as a result of heavy inflows from abroad and a renewed jump in bank lending.

The figures underline the reasons for the decision at the beginning of this month to allow the pound to float upwards to choke off the inflows.

The sterling element of money stock on the wider definition (M3) increased £741m. (1.8 per cent.) on a seasonally-adjusted basis in the four weeks to mid-October, after a 2.1 per cent. jump in the previous month. Inflows from abroad accounted for £374m. of the rise.

As a result sterling M3 has risen by just less than 7 per cent. in the first six months of the financial year, equivalent to an annual rate of about 14 per cent. This is significantly higher than the target range of 9-13 per cent. to which the authorities are committed.

Next two months

It is expected that the growth of the money supply will remain relatively fast for two months. The heavy inflows from abroad continued until the end of October, and these will be reflected in the statistics for the mid-November banking month.

The central Government borrowing requirement, which has been running at unexpectedly low levels, will be boosted as a result of the tax concessions given in last month's economic package.

Mr. Denis Healey, the Chancellor, said in last week's economic debate that "the growth of sterling M3 will be kept close to the preferred range of 9-13 per cent." But he pointed out that fluctuations should be expected from time to time. "It will not necessarily be within that range at all times during the course of the year."

Flexibility

It is becoming increasingly likely that next year a more flexible system of setting monetary targets will be adopted instead of the present fixed annual rates. The authorities are also getting more frequent returns. Weekly figures for domestic credit expansion—the main measure being monitored by the International Monetary Fund—are now available, though until more experience has been gained with them they are difficult to interpret.

The DCE figures continue to run well below the £7bn. ceiling for the current year. Last month domestic credit expanded £299m. after seasonal adjustment. This was rather more than in recent months, but in

GROWTH OF THE MONETARY AGGREGATES (£m.).

	Money stock M1		Money stock M3		Bank lending*		Domestic credit expansion	
	Seasonally Unadjusted	adjusted	Seasonally Unadjusted	adjusted	Seasonally Unadjusted	adjusted	Seasonally Unadjusted	adjusted
Oct. 20.....	-397	-196	-1.1	235	459	1.2	704	504
Nov. 17.....	278	58	0.3	523	429	1.1	264	574
Dec. 8.....	452	180	1.0	72	159	-0.4	15	160
							-162	-119

* To private sector in sterling.

NEW DELHI, Nov. 17.

M. JAMES CALLAGHAN will visit India for five days in January. He will be the first British Prime Minister to come accepted as independent of the high cost of British ships.

Margaret Van Hattum writes: It was officially confirmed in London that the Prime Minister hoped to visit India from January 6 to 11.

Relations between India and the U.K. have improved markedly since the election last March brought the Janata Party to power. Hopes were being expressed in London that the visit would cement and improve ties between the two countries.

Economic issues will clearly feature prominently in any discussions between the two leaders. Though the proposed visit is still seven weeks away, there is already speculation that Mr. Callaghan will be looking for areas in which Britain can increase its exports, and possibly for development projects in India.

Mr. Callaghan's visit is expected to be made next month. The visit is seen here both as a token of Britain's recognition of the return to democracy by India and a move to cement relations between the two countries. Britain and India is now entirely in the form of grants and will reach a record £144m. this year. There is concern in London, however, about India's apparent inability to use the aid since a large part of last year's offer of £126m. lapsed.

India's Ministers have discussed the use of aid with Mrs. Judith Hart, Minister for Overseas Development. They have assured her that the full amount will be used this year. But her suggestion that India should

place orders for six cargo ships

worth £82m. is unlikely to be accepted as the high cost of British ships.

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It is possible to argue that

the lending jump is an abnor-

mality, perhaps reflecting tem-

porary borrowing to finance

purchases of gilts during the

September upsurge. But there

were also grounds for expect-

ing bank lending to have been

depressed, for not only is the

economy showing no signs yet

of an upturn, but currency in-

flows, according to the corpor-

ate sector should have reduced

the demand for sterling finance.

It now appears quite likely that

the rapid fall in interest rates

from 1977 to 1978

will not be matched by a similar

overshoot of the M3 targets

in itself going to trigger

substantial changes in domes-

tic tactics.

Royal Dutch/Shell

A sluggish pattern in the

world economy is inevitably

reflected in the third quarter

figures from the Royal Dutch

Shell group, with net income

up 19 per cent. on leisure

interests in

the corresponding period, after

turn last year's 20 per cent.

all the figures have been re-

vised upwards, re-

albeit slightly, to

reflect the increase

in oil prices.

Analysts' prediction

after another

knocked down by the re-

cent spate of disappointing

company results can at least

feel heartened by the

year's

third quarter net income up

drawn from direct

trade and the princip-

al factor.

After nine months net income

will be 20

per cent. on the

reported basis of £1.055m.

or just

B and C's

decided

date its share of £1.12

following the incre-

asing shareholding,

and attribut-

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"principal"

panies—except for

last year B and C or

£1.12m. of dividend in

these associates so